

June 2022 //

Implications of COVID for Early Childhood Education and Care in England

Authors

Ivana La Valle, Research Consultant & Visiting Scholar at the University of East London,
Ivana La Velle Research Ltd.

Jane Lewis, Managing Director UK & Europe, Centre for Evidence and Implementation

Dr Claire Crawford, Research Fellow, Institute for Fiscal Studies

Dr Gillian Paull, Senior Associate, Public Policy Practice, Frontier Economics

Professor Eva Lloyd OBE, Professor of Early Childhood, School of Education and
Communities at the University of East London

Dr Eleanor Ott, Senior Advisor, Centre for Evidence and Implementation

Georgina Mann, Advisor, Centre for Evidence and Implementation

Elaine Drayton, Research Economist, Institute for Fiscal Studies

Giacomo Cattoretti, Consultant, Public Policy Practice, Frontier Economics

Amy Hall, Research Assistant, Centre for Evidence and Implementation

Emma Wills, Research Assistant, Centre for Evidence and Implementation

Suggested citation

La Valle I., Lewis J., Crawford C., Paull G., Lloyd E., Ott E., Mann G., Drayton E., Cattoretti G., Hall A., & Willis E. (2022). *Implications of COVID for Early Childhood Education and Care in England*. Centre for Evidence and Implementation.

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Acknowledgements

The research funder

The study has been funded by the Nuffield Foundation, an independent charitable trust with a mission to advance social well-being. It funds research that informs social policy, primarily in Education, Welfare, and Justice. It also funds student programmes that provide opportunities for young people to develop skills in quantitative and scientific methods. The Nuffield Foundation is the founder and co-funder of the Nuffield Council on Bioethics, the Ada Lovelace Institute and the Nuffield Family Justice Observatory. The Foundation has funded this project, but the views expressed are those of the authors and not necessarily of the Foundation. Visit www.nuffieldfoundation.org.

We would like to warmly thank Eleanor Ireland, the Education Programme Head at the Foundation, for providing support and advice throughout the study.

The study advisory group

We are very grateful to members of our advisory group (listed below) for helping us to refine our research questions and our methodology, providing valuable critical feedback on our research findings and supporting our dissemination activities.

Dr Jo Blanden, University of Surrey
Dr Mike Brewer, Resolution Foundation
Dr Laura Hunninkin, Department for Education
Eleanor Ireland, Nuffield Foundation
Neil Leitch, Early Learning Alliance
Dr Sandra Mathers, University of Oxford
Beatrice Merrick, Early Education
Becci Newton, Institute for Employment Studies
Charlie Owen, Thomas Coram Research Unit, University College London
Max Stanford, Early Intervention Foundation
Dr Jo Verrill, CEEDA
Flora Wilkie, Local Government Association

Colleagues who have supported the study

We are very grateful to Megan Jarvie and Ellen Broome from Coram Families and Childcare for leading on the activities to disseminate the research findings.

We would like to thank Becca Dean from the Centre for Evidence and Implementation for supporting the early stages of the project. As well as India Thompson, for helping with the organisation of the stakeholder workshops, and for all her support with the report production.

We would also like to thank Sarah Cattan and Ella Johnson-Watts from the Institute for Fiscal Studies for their contributions early in the project.

The research participants

The study would have not been possible without the contribution of over 300 parents, providers, local authority staff, employer representatives and early childhood education and care (ECEC) stakeholders who have taken part in interviews and/or in our workshops.

We are hugely grateful for their contribution, and we hope that the research finding will help improve ECEC services.

Data providers

We are grateful for the Department of Education for allowing early analysis of the Survey of Childcare and Early Years Providers (SCEYP).

Some of the work included in this report was produced using statistical data from ONS. The use of the ONS statistical data in this work does not imply the endorsement of the ONS in relation to the interpretation or analysis of the statistical data. This work uses research datasets which may not exactly reproduce National Statistics aggregates.

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Executive Summary

This study explores the implications of the COVID pandemic for access to and provision of early childhood education and care (ECEC) for 0–4-year-olds in England, and ways in which the ECEC system could be strengthened. It combines insights from qualitative and quantitative research, including: a systems mapping; a literature review; a survey of local authorities (LAs); analysis of a variety of national data sources; and, case studies involving qualitative interviews with parents, ECEC providers, LA staff and employer representatives. The data analysed was collected in 2020 and 2021.

The study was funded by the Nuffield Foundation and the research was undertaken by a team from the Centre for Evidence and Implementation, the University of East London, Frontier Economics, Coram Family and Childcare and the Institute for Fiscal Studies.

The early childhood education and care (ECEC) system before COVID

ECEC policy in England is primarily determined at the national level but delivered locally via LAs, which have limited powers to oversee provision in their area. Although some ECEC is delivered by direct public provision, most is provided by a range of settings outside the public sector, that typically receive public funding to deliver the early education entitlement to disadvantaged two-year-olds and all three- and four-year-olds.

The systems mapping and literature review highlighted considerable weaknesses in this ECEC system before the pandemic:

- **Mixed market:** the ECEC market does not appear to be working well for everyone. Parents must navigate fragmented services of variable quality that are not always accessible to all or responsive to diverse needs. While LAs are ostensibly responsible for managing the ‘childcare market’, they have few powers and resources to tackle these weaknesses.

- **Funding:** there are question marks over the extent to which public funding covers the costs of the early education entitlements. This raises sustainability challenges for some providers and presents a barrier to access when this means provision is not free at the point of use.
- **Workforce:** low pay and low levels of qualifications (partly as a result of the funding situation), mean that many providers are unable to attract the high caliber practitioners required to support the development and learning of children in their most important formative years.

As will be described below, COVID has exacerbated existing challenges – widening inequalities in access to high quality ECEC services, worsening financial precarity for many providers and contributing to a significant deterioration in staff recruitment and retention.

The picture that has emerged of the state of play in the ECEC sector at the end of 2021 provides some important lessons about building a better and more resilient ECEC system.

How COVID affected ECEC attendance

Analysis of national ECEC data shows that:

- Most children missed out on some early education because of the pandemic. For many this was limited to the first half of the summer term of 2020, when only vulnerable children and children of key workers could attend. However, many children's early education experiences were disrupted for longer, e.g., due to temporary setting closures and self-isolation rules. Areas with large ethnic minority populations were particularly likely to experience temporary setting closures during the first year of the pandemic, perhaps limiting access for children in these areas.
- Once ECEC settings were allowed to open to all children from 1 June 2020, usage rose reasonably quickly. Qualitative interviews with parents suggest that concerns about the impact on children of missing early education and the strain, particularly for working families, of providing full-time childcare were strong drivers of decisions to send children (back) to a setting.
- Between January 2020 and January 2021, there were large falls in take-up of funded entitlement places amongst disadvantaged two-year-olds and, to a lesser extent, amongst three-year-olds, especially in areas with large ethnic minority populations and limited labour market participation. Most of the fall amongst three-year-olds appears to have been driven by a drop in take-up amongst children new to the system (i.e., who had not taken up a place as a disadvantaged two-year-old), rather than by children who had taken up a place as a disadvantaged two-year-old dropping out of ECEC over this period. However, amongst the small proportion of disadvantaged two-year-olds who dropped out of ECEC between January 2020 and January 2021, ethnic minorities and children with special educational needs were the most likely to have done so.
- Department for Education (DfE) estimates show that, in autumn 2021, ECEC attendance among 0–4-year-olds was still only 90% of what would have been expected without COVID. Attendance was lower in deprived areas, and areas with low female employment and high unemployment rates, suggesting that children from poorer families and in workless households were most likely to be missing out.

Collectively these findings suggest that some children missed out on considerably more ECEC than indicated by lockdown restrictions, with some still likely to be missing out. Children from poorer families – who tend to benefit most from access to ECEC – as well as

children from ethnic minority backgrounds and those with special educational needs are the most likely to have missed out. There were concerns among early years practitioners that the decline in usage amongst disadvantaged children may persist in the longer term.

This highlights a need for focused, targeted help at national and local levels to support fuller take-up, working directly with parents and with a range of services that support families with young children.

How disruptions in ECEC arrangements affected families

Implications for parents

- Experiences of parenting without ECEC varied, but all parents reported it was very challenging at times, particularly as there was little or no support from other early years services (e.g., children's centres), family and friends.
- Mothers were more likely to experience the strain of parenting without ECEC, with their mental health negatively affected, while fathers were more likely to report the benefits of being able to spend more time at home with their children.
- Lone parents, families with school-age children and families with children with additional needs who required considerable support found parenting without ECEC particularly challenging.
- Some working parents (mainly mothers) experienced reduced income due to disruption in ECEC arrangements forcing them to take unpaid leave or reduce their hours of work.

Implications for children

A consistent picture emerges from perceptions among parents, providers and LA early years teams of how disruption in early education affected children:

- Speech and language delays were reported across all age groups as children had fewer opportunities to develop their communication skills at home.
- Children struggled to adapt to new situations and missed out on opportunities to socialise and develop self-regulation skills resulting in increased social, emotional and mental health needs.
- Children's physical development, including their motor skills, were negatively affected by not being in a setting, as they spent less time outdoors and more time in sedentary activities.

As disadvantaged children have missed more early education than their peers, there was widespread concern among early years practitioners that the development gap is widening.

This is a key consequence of the pandemic that has emerged from numerous other studies and highlights the need for ECEC services to use effective evidence-informed approaches to support children who have grown up with COVID, particularly those facing disadvantage.

How COVID has affected ECEC services

Qualitative interviews with providers and LA early years teams found that during the **first national lockdown** (March-May 2020), when only vulnerable children and children of key workers could use ECEC services:

- Providers weighed up a complex set of factors when deciding whether to remain open or to close temporarily. They typically prioritised the needs of local families, sometimes to their own financial detriment, although some settings were guided more by their financial interests.
- Providers quickly adapted how they operated, in response to COVID guidelines and restrictions, and took on extended welfare, home learning support and safeguarding roles, mostly just on a temporary basis. LAs used the funding they provided to encourage providers to take on these extended roles.

Providers reported that during the **first year of the pandemic** they experienced substantial falls in their income due to lower ECEC use and cost rises due to COVID restrictions. While national and local COVID related financial support helped providers to remain in operation, many also had to dip into savings or reserves, take-on loans or/and shelve plans to expand.

National data on the number of registered providers and places in **August 2021**, however, suggest that these financial difficulties do not appear to have led to greater than expected reductions in the numbers of ECEC providers or places as a result of the pandemic.

A national provider survey on the state of the ECEC sector in **spring-summer 2021** indicates relatively few changes to the way in which settings were operating on a day-to-day basis compared to pre-pandemic trends:

- Average hourly fees had risen faster than the rate of inflation in all but school-based settings, this was in line with pre-pandemic trends.
- Group providers showed growing signs of staff shortage, with average weekly staff hours increasing and average hourly pay rising faster than average earnings growth.
- Opening hours and average weekly numbers of booked child hours had fallen substantially for childminders, reflecting a greater fall in demand than for other provider types and contributing to a continued decline of childminding provision.
- For most provider types, costs continued to rise at a slightly higher rate than income, continuing the pre-pandemic pattern of a gradual weakening of providers' average financial position.

Ongoing challenges for ECEC provision

The provider survey in spring-summer 2021 does not suggest a dramatic reshaping of the ECEC landscape relative to what might have been expected based on pre-pandemic trends. However, ECEC providers were still facing a number of ongoing challenges, potentially putting them at risk of exiting the market in future:

- Precarious finances: while ECEC usage was only slightly below expected levels by the end of 2021, our qualitative evidence shows that the sector was in a more precarious financial position than before the pandemic, with providers having run down reserves, taken on debt and experienced reduced profits.

- Unpredictable demand: our qualitative evidence shows considerable variation in experiences, suggesting that, beneath a national picture showing relatively small changes in levels of use and available provision, many providers are facing great challenges to sustainability, with uncertainty over future levels of take-up. The increased demand for flexible provision – in response to more flexible working patterns – represents a further risk.
- Staffing: the sector is facing unprecedented staff recruitment and retention challenges. The health risks of working during a pandemic, increased workload due to staff absences and shortages, and supporting children with higher needs all took their toll on morale. Staff recruitment in the current tight labour market is also very difficult. These workforce challenges pose significant risks to both the quality and sufficiency of ECEC.

The picture that emerges, from our study and other research, is one of an already vulnerable sector that has experienced an unprecedented financial and operational shock, which has not ruptured it but has left it more vulnerable to continued and future pressures. This highlights the need for targeted action to support the sustainability of the sector.

How LAs supported the ECEC system during the pandemic

LAs expanded their role in the ECEC system during COVID. However, there were variations in LA interventions, reflecting differences in the extent to which early years was a strategic priority and variations in the role of ECEC in local approaches to supporting families with young children.

LA support to families

- A key priority for LA teams in the early weeks of the pandemic was to ensure that eligible children could continue to access ECEC. As well as adapting their Family Information Services (e.g., by extending their opening hours to respond to urgent requests and by updating vacancies on a daily basis), all LAs in the case studies provided a brokering service to match parents with available provision.
- Combining national data on attendance with data on LA support from the LA survey suggests that attendance rates amongst 0–4-year-olds were higher during the first lockdown (March-May 2020) in LAs that offered more support, or support that was perceived to be more effective.
- LAs asked settings receiving public funding to support remote home learning. LAs reported that the quality of this support varied, and parents' experiences were mixed; nevertheless, it appears that LA intervention encouraged settings to respond quickly and creatively to support families.
- The evidence also highlights the crucial role that other early years services (e.g., children's centres) play in supporting children's early learning and development, and that the pandemic has increased needs for these services. However, across all case study areas, LAs were struggling to meet growing needs as LA early years services had been severely cut back in the past decade.

Parents identified two key gaps in support given to families during the pandemic.

- Parents thought that they should have been better supported to deal with settings' requests for payments when they could not use the service during the first lockdown, subsequent temporary closures and when a child had to self-isolate.
- Parents felt that, when feasible, children should have been given the opportunity to make up for the funded early education entitlement that they had missed, for example, by using part of their 15 hours entitlement – typically only available during term-time – in the summer holidays when COVID cases were low.

LA support to settings

- Greater involvement of LAs in the ECEC system during COVID resulted in deepened and widened relationships between settings and LA teams in many areas, particularly during the first lockdown.
- National data on the proportion of settings open over time combined with data on LA support from the LA survey suggests that more settings remained open during the first lockdown in LAs that offered more support or where support was perceived to be more effective.
- LA financial support was particularly important to providers. However, their openness to other types of support, and the significant change in relationships between providers and LA teams, point to the potential for an extended LA role in supporting the delivery of ECEC provision.

Lessons from the pandemic

The pandemic has highlighted the pivotal role of ECEC in supporting children's development as well as underlining its value as an essential component of the economic infrastructure. These experiences may be changing parents' expectations about accessing ECEC and raise important questions about its role: should children have a right to early education and if so, should the 'rules' for accessing and regulating schools and ECEC settings be consistent?

The pandemic has further undermined equity of access as fewer children are accessing ECEC, with those missing out being children who are most likely to benefit from it. There is also a serious risk that the quality of children's early education experiences may be adversely affected by the workforce challenges the sector is facing. In addition, the system is now more financially vulnerable not just to future shocks, but to a continuation of the pressures and challenges which existed before the pandemic.

These findings point to the need for decisive and targeted national and local action to strengthen the ECEC system.

Implications for central government and national ECEC policy

- **More funding** to build a better and more resilient ECEC system with a focus not only on ensuring sufficiency of provision, but also equity of access and quality of children's early education experiences. Providers and LA teams in the study stressed that they think the funding rate for the early education entitlements is inadequate, but it is beyond the scope of this study to assess whether additional funding should be delivered through a higher funding rate or dedicated grants, or a combination of both, to deliver these three pillars.

- **Additional funding should be linked to clear policy objectives** to deal with long-standing weaknesses in the ECEC system. This would mean devising policies that attach funding to specific delivery or workforce conditions to be developed in consultation with ECEC stakeholders, and informed by the evidence of what supports the three ECEC pillars (sufficiency, equity of access, quality).

Implications for the role of local authorities

Our evidence suggests that effective local implementation of national policy objectives would require more consistency in terms of the level, type and scope of LA intervention in the ECEC system. We recommend:

- A **stronger role for LA ECEC teams** with new statutory responsibilities supported by dedicated funding.
- All LAs having a **named early years** lead with responsibility for ensuring that, strategically and operationally, high quality and accessible ECEC provision is a key component of the local offer to families with young children.

Currently, LAs are required to intervene if unmet needs, sufficiency or access problems are identified in their local ECEC system, but their ability and capacity to do so is limited. Their power and resources to intervene could be considerably strengthened in the following ways:

- **Supporting take-up among disadvantaged children:** approaches to supporting ECEC participation could be strengthened by evaluating current schemes, extending those that are effective and testing new approaches, including multi-agency working and offering brokering services to families who face barriers to ECEC access.
- **More good quality LA provision:** school-based settings take more disadvantaged children and are more likely to include a graduate, yet there is substantial variation in the availability of LA provision across areas. LAs could consider delivering (more) ECEC through school-based settings to increase access to high quality provision amongst disadvantaged children.
- **Ensure families are not excluded from ECEC for cost-related reasons:** LAs should be given more powers to ensure that the early education entitlements are genuinely free and that children are not excluded from settings because of the resource and cost implications for providers. LAs should also provide more support to families to apply for childcare subsidies, as these are underutilised.
- **Stronger partnership with parents:** during the pandemic settings increased their experience and capacity to support parents' engagement in their children's learning, as envisaged by the Early Years Foundation Stage. LAs should continue to support greater parental engagement, including provision of home learning to children who do not access ECEC (e.g., if parents feel their two-year-old child is too young to attend a setting to take-up the early education entitlement).
- **A stronger safeguarding role for providers:** during the pandemic providers' safeguarding role was expanded. LAs should build on this experience and use providers' knowledge of and trusted relationships with families to ensure that vulnerable children do not go 'off the radar' and to identify families who need support.

LA support to ECEC providers has been declining considerably in the past decade and needs to be strengthened in three key areas:

- **Sustainability and inclusivity:** LAs should offer settings (more) business advice, support and funding that helps them to balance the books while ensuring that their service meets the needs of local families, including children with complex needs and families who cannot top up the early education entitlement.
- **Workforce:** the severe workforce challenges providers are facing require immediate and decisive action. LAs are well placed to ensure that the ECEC workforce is included in Local Skills Improvement Plans and that local providers are involved in the development and implementation of local ECEC workforce strategies. LAs should also support settings with staff recruitment and retention.
- **Quality:** LAs should support quality improvement directly through: more affordable or free early years training for local settings; more tailored one-to-one quality improvement advice and support; and, implementation of effective evidence-informed approaches within settings.

Conclusion

To ensure that all children can access and benefit from positive early education experiences and that lack of ‘childcare’ is not a barrier to work for mothers, particularly less affluent mothers, requires:

- National policy objectives to tackle ECEC system weaknesses, with dedicated funding to support their delivery and the three ECEC pillars: sufficiency; equity of access; and, quality of children’s early education experiences.
- More power and resources to LA early years teams to support the delivery of these policy objectives locally and to ensure that the specific needs of local children and their parents remain at the centre of decisions that shape the local ECEC system.

1. Introduction

COVID has placed unprecedented demands on English early childhood education and care (ECEC) services, potentially exacerbating longer term weaknesses in the system's ability to consistently deliver high quality and equitable services.

This study provides an extensive and in-depth exploration of the impacts of the pandemic on ECEC services and on families' experiences of these services. It also considers lessons that can help to support a sustainable, high quality and equitable ECEC system going forward.

The study was funded by the Nuffield Foundation. The research was conducted by a team from the Centre for Evidence and Implementation, the University of East London, Frontier Economics, Coram Family and Childcare and the Institute for Fiscal Studies.

This chapter outlines the research aims, the overall study design and the methodology of the different research strands.

1.1. Aims of the study

The study addresses five questions:

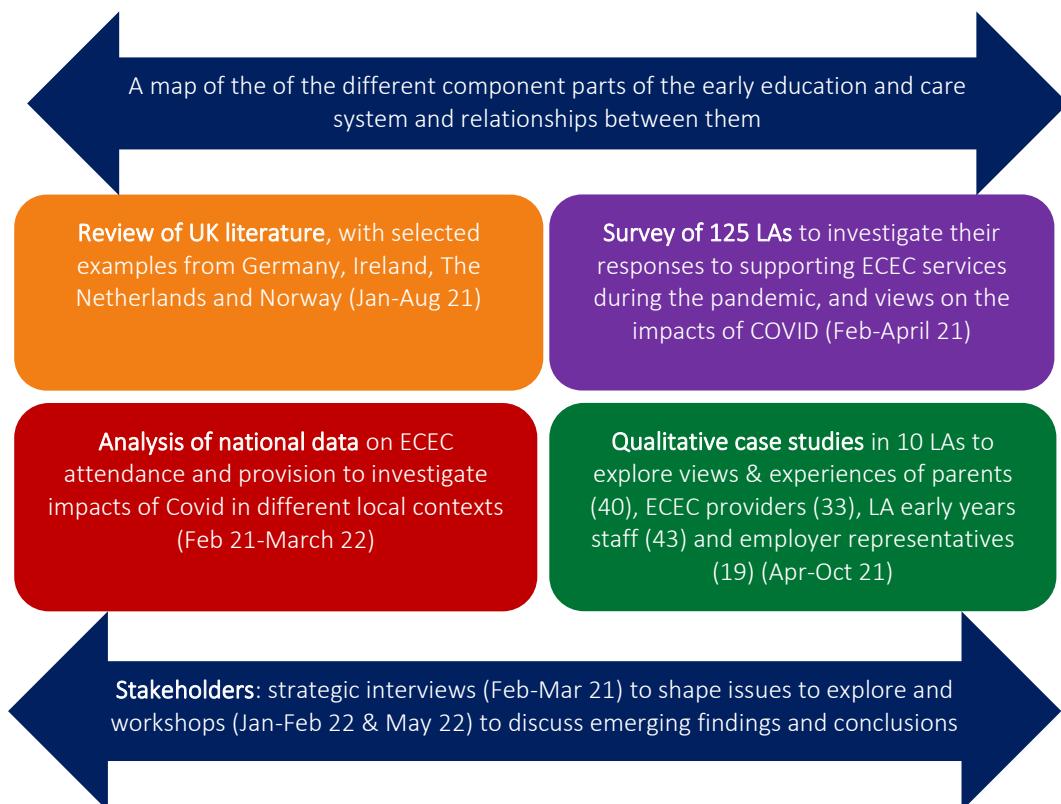
- How is the pandemic affecting children's and parents' needs for and access to ECEC services in different local contexts?
- How are ECEC services responding to COVID and how is the nature and viability of provision changing in different local contexts?
- Has local support mitigated the effects of the pandemic, and how is this mediated by local labour market conditions?
- What opportunities and weaknesses in the ECEC system are highlighted by COVID, and what can we learn about building resilience in the system?
- What should the role of local authorities be, and what tools do they need to support the ECEC system in the future?

The study focused on services for 0–4-year-olds before they enter school and therefore reception classes were excluded from analysis of ECEC use, experiences and provision.

1.2. Overall design

The study comprised an extensive programme of qualitative and quantitative research to explore how the ECEC system has reacted to the pandemic. Much of the work has focused on understanding impacts in diverse local contexts and the impact of local authority (LA) diverse responses to the COVID crisis. The research design is summarised in Figure 1.1 and discussed in more detail in the rest of the chapter.

Figure 1.1 Study design



1.3. ECEC system map and strategic interviews

At the start of the study, we mapped the different component parts of the ECEC system and the relationships between them. The systems map was developed through two workshops involving the project team and two stakeholders with roles across the ECEC sector and LA policies and services. Through these discussions, we mapped the key direct and indirect associations between systems actors before COVID, and possible changes arising from COVID, in relation to drivers of: (a) need for and take-up of ECEC places; (b) provision of ECEC places; and, (c) quality and experiences of ECEC. These were reviewed through the lens of the data gathered in a final stage of our analysis

In February-March 2021, 20 strategic interviews were conducted with organisations representing children and families, working parents, employers, ECEC providers, local and national policy makers. These interviews informed the issues to be explored by the research programme.¹

1.4. Literature review

A literature review was carried out to provide background for the study and to synthesise knowledge relating to the research questions listed above. The initial focus was on research published between summer 2020 and June 2021. Another, simpler search for key literature published was also undertaken in spring 2022, when the research timeline was extended.

Five key databases were searched in June 2021: Applied Social Science Index and Abstracts (ASSIA), British Education Index; Education Resources Information Center (ERIC); International Bibliography of the Social Sciences (IBSS); and, SCOPUS. Searches were systematic and included a search string focused on terms around early childhood education and care, children under five, COVID-19, and the UK.

An additional 39 websites/platforms were reviewed to look for grey literature. Given the focus on COVID, papers were included if studies were based on empirical data collected since March 2020, published on or after 1 June 2020.

A total of 29 key literature pieces were selected and summarised to supplement the existing knowledge and understanding of the literature.

Finally, expert informants were asked to provide details of major COVID and ECEC related studies published during the same period in Ireland, Norway, Germany, and The Netherlands. These countries were chosen because all feature, like England, a marketised early childhood system, although the degree of public funding and public management in these ECEC systems vary considerably.

1.5. Survey of local authorities

Between February and April 2021, semi-structured interviews were undertaken with 122 LA early years leads (covering 125 LAs), constituting responses from 83% of all LAs.² These interviews discussed:

- The impacts of the pandemic on ECEC provision and how context affected the impacts.

¹ The findings from the strategic interviews are reported in La Valle & Jarvis (n.d.).

² More information about the survey methodology and the findings can be found in the survey report Paull & Jarvis (2021).

- How LAs supported ECEC provision in their area and views on the effectiveness of this support.
- Views on longer-lasting impacts of COVID and how LA role in supporting ECEC provision might be changed.

Much of the survey analysis presented in this report focuses on COVID-related support provided by LAs using the policy scores outlined in Box 1.1.

Box 1.1 LA support policy scores

Information gathered on LA COVID related support provided to parents and settings was distilled into three key measures indicating:

- A “**policy score**” covering the level of activity in terms of how many of seven areas of pandemic-related support LAs provided. These included two types of support to families (guidance on using childcare and assistance to find childcare), and five types of support for ECEC providers (health and safety, staffing challenges, financial management, local financial support, and quality). The policy score was divided into three roughly equally sized groups of low activity (4 areas or less), middle activity (5 areas) and high activity (6 or 7 areas), that we refer to as the policy groups.
- A “**perceived effectiveness score**” based on the respondent’s perception of how many of the types of LA support across the seven areas had made a difference or had received indirect approval. Again, the score was divided into three roughly equal sized groups of low, middle and high effective policy.
- **Predominantly local or predominantly national messaging** based on the respondent’s perception of whether the LA had provided pandemic-related information to parents and providers primarily in the form of bespoke local information or whether they had relied heavily on national sources.

The policy score reflects the level of activity reported by respondents and can be considered primarily an objective measure. However, the latter two scores (effectiveness and local versus national messaging) are more subjective as they are based on the respondent’s perceptions and therefore indicative of the LA approach.

The relationships with changes in ECEC use and provision were explored separately for each of the three measures.

1.6. Secondary analysis

The aims of the secondary analysis were to:

- Provide an overview of the changes since the pandemic in ECEC attendance, how ECEC provision is delivered and the number of providers operating at national level.
- Understand how these changes have varied across different local areas, and the extent to which they have been affected by LAs’ actions to support parents and providers during the pandemic.

The data sources used for the analysis are listed in Boxes 1.2 and 1.3.

Box 1.2 Secondary analysis main data sources

- **Department for Education (DfE) data** collected from LAs on the number of ECEC settings open and the number of 0–4-year-olds attending ECEC settings from April 2020 to December 2021.³
- **Early Years Census and School Census data (EYC and SC)** on the take-up of the funded early education entitlement for three- and four-year-olds and disadvantaged two-year-olds between January 2011 (January 2015 for two-year-olds) and January 2021.
- **Survey of Childcare and Early Years Providers (SCEYP) data** on provision characteristics from spring-summer in 2018, 2019 and 2021.⁴
- **Ofsted Early Years register data** on the termly numbers of registered group-based providers and childminders, and an approximate number of registered places offered by these providers, between spring 2015 and summer 2021.⁵

To understand how ECEC attendance and provider numbers varied across areas, each data source was combined with information on a range of local characteristics outlined in Box 1.3.

To consider how LAs' actions to support parents and providers during the pandemic affected ECEC attendance and provision, each data source was combined with the information on LA COVID-related support described in Box 1.1.

Box 1.3 Secondary analysis data on local area characteristics

- **Pre-pandemic measures** were used to characterise the types of areas that experienced different outcomes during the pandemic. Examples of these pre-pandemic characteristics included: population density; ethnic composition; average education qualifications; levels of children's development; average labour market activity rates and average home working rates.
- **Measures at different points during the pandemic** were used to explore how outcomes during the pandemic varied contemporaneously with changes to their local economies. Examples of these contemporaneous characteristics included: unemployment rates; 'furlough' rates⁶; and, COVID case rates.

³ Although data was collected until December 2021, LA level data was only published until May 2021, so the LA-level analysis only covers the period April 2020 to May 2021. Data was collected for a particular reference date (usually a Thursday) initially twice weekly, weekly from mid-June 2020, fortnightly from May 2021 and monthly from mid-September 2021. See <https://explore-education-statistics.service.gov.uk/find-statistics/attendance-in-education-and-early-years-settings-during-the-coronavirus-covid-19-outbreak> for more details on the data.

⁴ See <https://www.gov.uk/government/statistics/childcare-and-early-years-providers-survey-2021> for more details on the survey and recent publications.

⁵ Data available from: <https://www.gov.uk/government/collections/early-years-and-childcare-statistics>.

⁶ An employee is said to have been 'furloughed' if their employer accessed the Coronavirus Job Retention Scheme, which covered a proportion of the wage bill in order to enable employers to keep employees on staff while their services were not required, such as while hospitality facilities were closed during lockdowns. See Appendix B for further details.

To assess how the pandemic affected different parts of the ECEC sector, whenever possible the data was disaggregated into the provider types outlined in Box 1.4.

Box 1.4 ECEC provider types

School-based providers:

- In the quantitative analysis this category includes nursery classes in maintained schools, independent schools, and maintained nursery schools (MNS). These provider types operate very different models, but the numbers in the latter two groups were too small for separate analysis.
- School-based providers in the case studies (see below) refer only to nursery classes and maintained nursery schools, and again due to small numbers it was not possible to explore these separately.

Other group-based providers:

- In the quantitative analysis, this category covers private/for-profit providers and voluntary/not-for-profit providers. The data is not disaggregated between these two groups.
- In the case studies, when possible and relevant, we distinguish between the experiences of private/for-profit and voluntary/not-for-profit providers.

Childminders:

- In both the quantitative analysis and the case studies, this category refers to those who provide ECEC on domestic premises.

The methodology used to estimate the effect of the pandemic on ECEC attendance and provision outcomes depended on the length of the data series available for each source:

- The DfE attendance and setting opening data have only been collected since April 2020. At national level, these observed attendance rates can be compared to ‘expected’ attendance rates – based on pre-pandemic patterns of attendance coupled with population projections – to provide a sense of whether attendance is lower than might have been expected in the absence of the pandemic. These estimates are not available at local level, so associations between local characteristics, LA support and ECEC outcomes focus just on attendance and opening rates, rather than attendance rates relative to expectation.⁷ As such, they cannot tell us about the impact of the pandemic per se. These associations are estimated using cross-sectional variation across LAs for characteristics and LA support which did not alter during the pandemic (the characteristics listed in the first bullet of Box 1.3 and the LA support outlined in Box 1.1). Estimates also use longitudinal variation over time within LAs for characteristics which varied within the pandemic (the characteristics listed in the second bullet of Box 1.4), in each case highlighting the types of areas that experienced higher or lower attendance or opening rates at different points during the pandemic. The data covers all provider types (see Box 1.4) but is not disaggregated by provider type, so analysis cannot identify whether there are different patterns for different types of providers.

⁷ LA-level attendance rates are calculated by dividing the number of 0–4-year-olds attending ECEC settings in a given LA in a given period by the size of the 0–4 population in that LA in the relevant year.

- The SCEYP contained data for a single pre-COVID year of change (2018 to 2019) which could be compared to the change between 2019 and 2021 to provide indications of how ECEC provision may have changed as a result of the pandemic. No data was available for 2020, as the survey was suspended. To explore the relationship between LA COVID-related support and provision, we compared changes in provision between 2019 and 2021 in areas with different levels of policy support, e.g., between LAs in the high vs. low policy groups (described in Box 1.1), after accounting for other ways in which these areas differed.⁸ The analysis was undertaken separately for the three provider types identified in Box 1.4.
- Longer term pre-COVID EYC and SC data on take-up of the funded entitlements and Ofsted register data allowed the impacts of COVID to be estimated as the differences between the predictions from pre-pandemic trends and actual values during the pandemic. The associations between these estimated impacts and local characteristics and LA support capture the differences in how outcomes have changed relative to previous trends, with differences interpreted as being due to the pandemic. This analysis is complemented by descriptive insights into the types of areas experiencing different trends in take-up of the funded entitlements and provider numbers and places over time, and by a descriptive analysis of the characteristics of children who stop taking up their funded entitlement between January 2020 and January 2021.

Several caveats on this methodology should be noted.

First, the analysis predominantly covers periods until spring or summer 2021. The insights may therefore be considered as capturing “medium-term” effects of the pandemic, when restrictions on the use of ECEC provision had been considerably eased, and parents and providers were beginning to respond to potentially longer-term and permanent changes in ECEC needs and delivery conditions as a result of the pandemic.

Second, other LA factors may be correlated with both the level or type of LA support *and* with the patterns of change in ECEC attendance or provision. For example, LAs with a higher proportion of parents who, even pre-pandemic, were more reluctant to use ECEC might decide to take greater policy action. If parents’ preferences for ECEC cannot be adequately accounted for or proxied in our modelling, we might erroneously conclude that greater policy support was associated with lower attendance rates when parents’ preferences for ECEC were driving both. Hence, because we do not observe *all* of the ways in which LAs differ, we are only able to identify associations between LA support variables, and ECEC attendance and provision, rather than causal relationships.

Third, associations do not identify the direct of causation. For example, greater LA support activity associated with a smaller change could reflect that LA support has prevented greater impact. Equally, greater LA activity associated with a larger change could reflect that the policy was reacting to a greater impact and a greater need for support.

Finally, the absence of an association does not necessarily mean that LA support had no influence. The data may not be sufficient to identify any effect, particularly if the size of the effect is small relative to the degree of variation in outcomes.

1.7. Local authority case studies

Case studies of 10 LAs were carried out to provide an in-depth exploration of:

⁸ This difference-in-differences estimation approach was implemented using fixed policy group effects, and additionally controlling for other local characteristics.

- How the pandemic has affected children's and parents' experiences of ECEC services since the start of the pandemic.
- How ECEC providers have responded to COVID, and the opportunities and challenges posed by the pandemic.
- How the role of LA early years teams in supporting the ECEC system has changed during the pandemic.
- The role of the local economy in shaping needs and demand for ECEC services.

The sample of case studies was purposively selected from the LA survey to reflect diverse ECEC systems (e.g., in terms of size, provider mix, take-up of early education entitlements) and influences on ECEC services (e.g., geographical location, economic context). Across the case studies, in-depth interviews were carried out with the different groups of ECEC stakeholders outlined below (more information about the characteristics of the case study areas, and the respondents' samples are provided in Appendix A).

- **Forty parents** (mothers and fathers) of children aged 0-4 were interviewed to explore how the pandemic affected families' ECEC decisions and experiences. Parents were recruited by an agency. Through a telephone screening, the agency identified parents who had used or were planning to use ECEC around the time of fieldwork. The sample was purposively selected to include a mix of parents' socio-economic circumstances, families' size and structure, parents' ethnicity, children with and without additional needs and of different ages.
- **Thirty-three ECEC provider** interviews were carried out, focused on adaptations to and impacts of the pandemic. Providers were identified with the help of LA teams and from publicly available sources (e.g., Family Information Services). The sample included settings with different delivery models, i.e., childminders, school-based, private for-profit and voluntary not-for-profit providers.
- **Forty-three LA staff** were interviewed to explore the LA response to the pandemic and insights into how it was affecting ECEC take-up and provision. Participants were selected with help from the LA early years leads who suggested colleagues to include in the study. The sample included: early years leads; childcare sufficiency managers; strategy and quality managers; improvement support leads; SEND staff; early years inclusion staff; early years business support and finance managers; public health managers.
- **Nineteen representatives of local employment bodies or local economic experts** were interviewed to explore the impact of COVID on working patterns and local labour markets. Participants were identified with help from LA teams and from public sources. Interviewees were from: Chambers of Commerce; local enterprise partnerships; and, LA regeneration, development, enterprise and skills teams. The interviews were complemented with key local economic indicators of changes in workforce economic activity, employment sector, occupations, wage levels and homeworking, as well as local take-up of Coronavirus Job Retention and Self-Employment Income Support Schemes.

For each research population, a topic guide was developed to ensure systematic coverage of key issues across interviews, while allowing flexibility to explore unexpected issues and tailor the questions and probes to individual participants. The interviews explored participants' experiences, behaviours and views at different stages of the pandemic, with the main reference periods being the three lockdowns (March-May 2020; November-December 2020; January-March 2021; see Appendix B for details). The interviews also

explored the influence of: COVID restrictions and government guidelines; levels of COVID infections and perceived risk; COVID related support available nationally and locally to ECEC providers and families.

Most interviews were carried out between April and August 2021, with a few provider interviews undertaken in September-October 2021. Interviews were carried out over the phone or video conference and lasted around 60-90 minutes. They were digitally recorded, transcribed verbatim and analysed using 'Framework' (Spencer et al., 2014), a rigorous and systematic method that allows in-depth thematic and within case analysis, as well as comparison between different groups, for example, between rural and urban LAs, provider types, and families in different circumstances.

1.8. Stakeholder events

In January-February 2022 we ran five workshops attended by 36 ECEC stakeholders from: national government; researchers; the project Advisory Group; LA study participants; think tanks; and, organisations representing ECEC providers, employers, parents and workers. A further event involving around 40 LA representatives was held in May 2022.

The workshops were used to validate interpretations of the findings, and consider our predictions in the light of developments in the ECEC system after we completed the fieldwork. Participants also discussed the implications of findings and considered how the ECEC system could be strengthened, with a particular focus on policy responses involving local authorities.

1.9. Report outline

The remainder of the report includes:

- An overview of the ECEC system before the pandemic, and national and local COVID measures that have affected the ECEC system (chapter two).
- Analysis of ECEC attendance and take-up throughout the pandemic, and an exploration of what underpinned changes in ECEC use and how ECEC participation among disadvantaged children has been affected by COVID (chapter three).
- An exploration of perceptions of how changes in ECEC participation during the pandemic have affected children and parents, and how LAs intervened to support ECEC participation and children's early learning and development (chapter four).
- A detailed description of how ECEC provision changed at the height of COVID, the drivers of these changes and how they affected providers' financial positions and the number of settings in operation. The chapter also explores how LAs supported local providers (chapter five).
- Analysis of what state of provision a year after the start of the pandemic and the potential longer-term impacts of COVID on ECEC services (chapter six).
- A discussion of the potential risks to ECEC services going forward, focusing on providers' financial and workforce challenges (chapter seven).
- The conclusion considers what opportunities and weaknesses in the ECEC system that have been highlighted by COVID and what could be done strengthen the system, with a particular focus on the role of LAs (chapter eight).

2. Background

The chapter provides the background for the study and discusses:

- The ECEC system before COVID, what were the policy objectives and how well ECEC policies worked for families and for settings.
- The role of LAs in supporting ECEC access and delivery pre-COVID.
- The national COVID measures relevant to the ECEC system, including restrictions on use of ECEC provision and support to settings.
- LAs' responses to the pandemic, although these are discussed in more detail throughout the remainder of the report as part of the study's findings.

2.1. The ECEC system before COVID

There is a substantial body of evidence showing that good quality ECEC improves children's outcomes and that disadvantaged children in particular benefit from ECEC participation (see for example Sylva et al., 2014). This evidence has been a key driver of policies that have radically changed the ECEC landscape in the past 25 years and have resulted in a substantial increase in ECEC participation. Despite this progress, a recent Nuffield Foundation review of the role of ECEC in shaping life chances has highlighted two fundamental weaknesses in the English ECEC system: competing policy objectives and fragmented services. The review also found that these historical weaknesses have been exacerbated by extensive cuts in ECEC funding in the last decade (Archer & Oppenheim, 2021).

2.1.1. Competing policy objectives

Since the launch of the first National Childcare Strategy in 1998, ECEC policy in England has had the dual aim of:

- Supporting children's early learning and development, and narrowing the attainment gap between disadvantaged children and their peers.
- Supporting families' economic wellbeing and maternal work, and narrowing the gender gap in employment.

As indicated in Table 2.1 different funding streams support different policy aims and are delivered through different mechanisms. Childcare subsidies, delivered through Tax Free Childcare and Universal Credit, are paid to parents, the former is paid into a childcare account that parents use to pay their provider, while the latter is reimbursed retrospectively through the Universal Credit payment. Funding for the 15- and 30-hours entitlements is paid to ECEC settings where parents choose to take their funded hours.

Government funding for the entitlements is determined by the early years national funding formula, although LAs can retain up to 5% of the funding allocation to support local ECEC delivery and access. Evidence obtained through the Freedom of Information Act by the Early Learning Allowance (Early Learning Alliance, n.d.) shows that the freezing of funding rates in cash terms between 2017 and 2020 meant that actual rates in 2020 were £2.60 lower than official estimates of costs for 2020 made in 2015. Furthermore, small cash-terms increases in each of 2020-21 and 2021-22 were largely eroded by inflation, leaving the rate unchanged in real terms (Institute for Fiscal Studies, n.d.).

It is argued that from the start, ECEC policy has been characterised by a tension between different objectives of 'education' and 'care', reflecting the priorities of different government departments, as well as different administrations. This has resulted in an inequitable system, where children's access to ECEC can still be influenced by their parents' socio-economic circumstances, rather than their development needs and their right to early education (Archer & Oppenheim, 2021; La Valle & Smith, 2009; Lloyd & Penn, 2013).

While the 15 hours universal entitlement has ensured that most children in England receive some formal early education before they start school, take-up is not universal and varies. In 2019, 94% of three and four-year-olds took-up the 15 hours entitlement, however, in London this figure was much lower, with one in five three and four-year-olds receiving no formal learning before school. In 2019, take-up of funded hours among disadvantaged two-year-olds was 68%, with geographical variations ranging from 39% to 97%. Some children accessed less than their full entitlement as they attended for fewer

than 15 hours a week and/or do not start as soon as they become eligible (National Audit Office, 2020).

A study by the DfE (Albakri et al., 2018) found that factors associated with low take-up of the 15 hours entitlements included: economic disadvantage; additional needs; English as an additional language; ethnicity and areas with higher-than-average population mobility. The study found that while parents' attitudes and preferences partly influenced the decision not to take-up the entitlement, barriers to access also played a part. In areas like London, where ECEC is more expensive to deliver, securing enough publicly funded places could be challenging if parents did not take some additional paid hours or paid for 'extras'. Other barriers reported by parents included:

- A lack of awareness of funded hours and eligibility rules.
- A complex application process for the disadvantaged entitlement.
- Settings' offers not aligned with families' needs (e.g., parents offered slots settings could not fill, such as late afternoon).
- Concern about additional costs associated with publicly funded hours.
- Perceived discrimination (e.g., settings do not want 'free hours children').

There is evidence showing that use of ECEC over and above the 15 hours entitlement is largely determined by parental (mainly maternal) employment and household income (Department for Education, 2019a). This is partly because working families are more likely to need their children to be cared for by others while they work, but also because more affluent parents can afford to pay for ECEC and receive additional financial support (see Table 2.1). For example, research has found that 70% of parents eligible for the extended entitlement were in the top half of the earnings distribution (Pascal et al., 2020).

Table 2.1 ECEC funding

Funding to support early learning and development	Funding to support parental employment
<p>Age 3-4: Universal entitlement to 15 funded hours of early education a week (38 weeks per year). A supplementary payment can be claimed by settings (the early years pupil premium) for children from low-income families and in care.</p> <p>Age 2: Disadvantaged entitlement to 15 funded hours of early education a week (38 weeks per year) for low-income families, disabled children and children in care.</p>	<p>Age 3-4: Extended entitlement for working parents to 15 additional funded hours a week (i.e. 30 hours a week for 38 weeks per year) if (both) parents work and earn at least the equivalent of 16 hours a week on the national minimum or living wage, but below £100,000 a year.</p> <p>From birth: Universal credit: working parents on a low income can get up to 85% of childcare fees up to a maximum of £175 per week for one child and £300 for two or more children. Tax-free childcare: 20% of childcare fees (up to a maximum a year of £2,000 per child) for working parents who earn at</p>

	least the equivalent of 16 hours a week at the national minimum or national living wage.
Funding for disabled children and children with special educational needs (SEND) depends on individual circumstances and varies by local authority.	

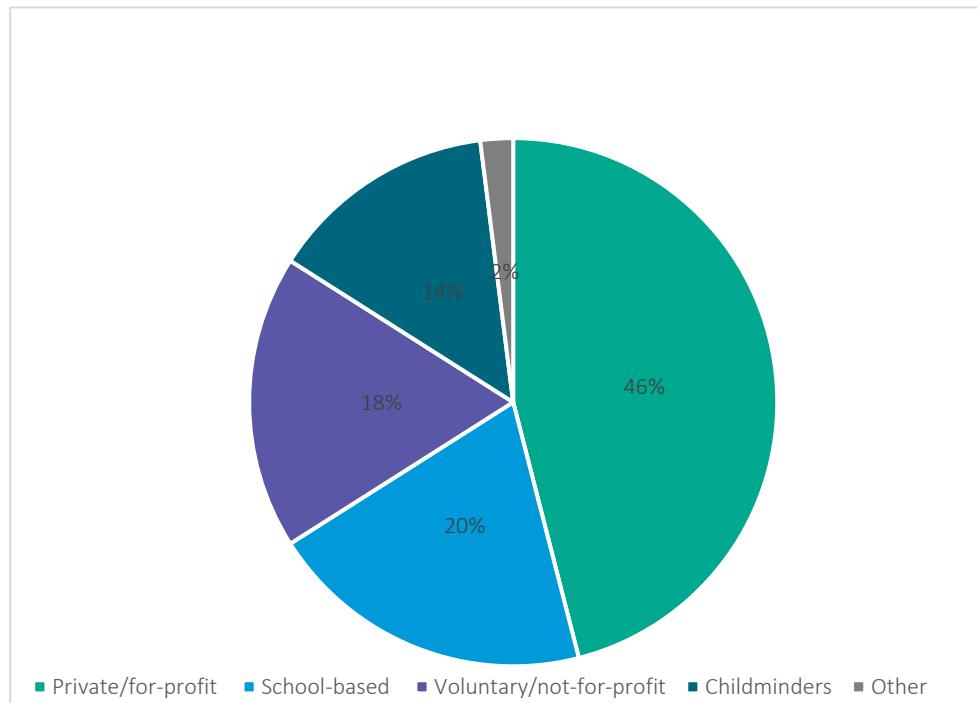
Source: <https://www.gov.uk/help-with-childcare-costs>

2.1.2. Fragmented services

The 1998 National Childcare Strategy highlighted that as ECEC provision was determined largely by market forces, it was often expensive, of variable quality and inaccessible to most families. It was therefore recognised that state intervention was required to ensure high quality, accessible and affordable ECEC for all children (Lloyd, 2017). The next decade saw a proliferation of programmes aimed at stimulating ECEC supply, making it more accessible, improving quality and integration with other early years services (La Valle & Smith, 2009). While commitment and levels of funding have varied over time, there is now widespread acceptance that the state must intervene to support ECEC, through funding and by setting and monitoring standards of provision (Archer & Oppenheim, 2021; La Valle & Smith, 2009). However, successive governments have been committed to allowing market forces to largely shape the level and type of ECEC provision, with a reluctance to intervene to regulate the market when it does not operate in the interest of children and their parents (Archer & Oppenheim, 2021; Lloyd & Penn 2013).

As shown in Figure 2.1, before the start of the pandemic, in 2019, most ECEC places were provided by private for-profit group providers and childminders, with a fifth delivered by the public sector and just under a fifth by the voluntary sector. These providers have different delivery model. In 2019, parent fees comprised 75% of childminders' income and 47% of private providers' income. On the other hand, 12% of the income of maintained school-based settings and 25% of that of not-for-profit providers came from parent fees, as these settings delivered mainly publicly funded hours (Paull & Wilson, 2020).

Figure 2.1 Ofsted registered early years places in 2019



Source: Department for Education (2019b)

Note: The figure shows registered places for children 0-4 before they start school, and they therefore exclude places in reception classes. School-based settings comprise nursery classes in maintained and independent schools and maintained nursery schools.

The failure to intervene more decisively to ensure that the ECEC system works for children and their parents is highlighted by variations in terms of equity of access (as discussed earlier) and also the quality of provision.

ECEC quality is closely associated with staff's qualification, training and pay (as well as child:staff ratios and group sizes) (Bonetti & Brown, 2018). In 2019, most ECEC places were delivered outside the public sector (Figure 2.1) and largely relied on a low qualified workforce. On the other hand, school-based settings, providing a minority of places, were delivered by more highly qualified staff. For example, DfE data shows that in 2019, a quarter of staff in private and voluntary settings had a level five or higher relevant qualification, compared with 70% of staff in school-based settings (Department for Education, 2019b). The ECEC workforce is generally poorly paid, mean gross hourly pay in 2018/2019 was £9.95/£11.13 for all providers (Paull & Wilson, 2020), with considerable variations between school-based and other settings, with mean gross hourly pay being:

- £16.32 / £16.84 for maintained nursery classes
- £9.17 / £10.58 for private, for-profit providers
- £9.35 / £10.20 for voluntary, not-for-profit providers.

Echoing the findings from other research, a study of the ECEC workforce completed the year before the start of the pandemic, predicted that substantial underfunding would lead to an increase in difficulties in recruiting and retaining staff with adequate experience and qualifications, with implications for ECEC quality and sufficiency (Bonetti, 2019).

2.2. The role of local authorities in the ECEC system

LAs are responsible for managing the ‘childcare market’ and supporting the delivery of and access to ECEC services (Box 2.2). However, LAs’ power and resources to manage their childcare market are very limited. Therefore, as discussed above, ECEC services across the country vary considerably in terms of quality, opening hours, costs and accessibility.

Box 2.2 The role of local authorities in supporting the ECEC system

Local authorities have a statutory obligation to support **families' access** to ECEC services and are required to:

- Provide information about local ECEC provision through Families Information Services.
- Conduct regular assessments to monitor sufficiency of funded hours, provision for parents who work or study, and access for children with additional needs.
- Take action if unmet needs, sufficiency or access problems are identified.

There is variation across the country in terms of additional local intervention, for example, to offer LA-run ECEC provision and to support co-ordination with other early years services.

Local authorities are also responsible for supporting ECEC settings and:

- Administer the funded hours entitlement and SEND funding.
- Provide SEND support and advice.
- Provide advice and guidance to settings identified by Ofsted as in need of improvement.

Other ways in which local authorities may choose to support ECEC settings, include:

- Provision of training and staff development.
- Support with the delivery of the early years curriculum and quality improvement.
- Business and financial support.
- Facilitation of local provider networks.

Non-statutory areas of support to families and settings have been much reduced in past decade due to cuts in local authority funding (Archer & Oppenheim, 2021).

Source: Department for Education (2018)

2.3. Mapping the ECEC system

The ECEC map we developed (reproduced in Appendix C), represents the key actors (agencies, organisations, individuals etc.) that make up the wider ECEC system. Our

purpose was to identify actors and relationships that it would be important to consider in the case study fieldwork, and to create an informal 'baseline' of key systems influences on the availability, take-up and quality of ECEC and explore how COVID may have changed these. In particular, the mapping exercise highlighted the complexity of the system, the range of potential influences on ECEC that are not within the control of providers or those with oversight of ECEC policy and provision, and the interconnectedness of system components with the possibility of ripple effects arising from shocks in different places. The key components in the map are set out in Box 2.2 and described in more detail in Appendix C.

Box 2.2 ECEC system components

- Children, families and friends (at the centre of the map).
- The diverse ECEC providers and the workforce (including health professionals and volunteers).
- Providers of services used by ECEC settings (e-platforms, social media, food, personal protection equipment (PPE)).
- Employers (of parents/carers).
- Schools, children's centres, family centres and other local community organisations providing support to children and parents.
- ECEC sector support bodies, unions, providers of ECEC training and consultancy.
- LA teams supporting ECEC directly or indirectly.
- Central government departments and agencies with policy, funding and oversight roles.
- Other infrastructure providers (ECEC setting landlords, insurance providers, transport providers).

2.4. ECEC and COVID measures

2.4.1. National perspective

The UK went into lockdown on 23 March 2020. Alongside schools, ECEC settings were closed to all but vulnerable children and the children of key workers. A nationwide stay-at-home order was put in place, meaning that many working parents had to juggle childcare and home-schooling with work commitments.

During this period, ECEC providers continued to be paid for all funded early education entitlement hours they had expected to deliver, even if settings were closed or children were not attending when settings were open. Eligible employers – including nurseries – could access the Coronavirus Job Retention ('furlough') Scheme to help subsidise staff costs not already covered by the continuation of public funding for early education entitlements. The Self-Employment Income Support Scheme was available to some other providers, mostly childminders, alongside some other smaller schemes.

From 1 June 2020, ECEC settings were able to reopen to all children, and schools were expected to partially reopen to some year groups. Neither schools nor ECEC settings were

penalised for not following these guidelines. The financial support for ECEC providers outlined above remained in place until the end of 2020, although settings closed for non-public health reasons were no longer funded for early education after September 2020, and it was gradually withdrawn during 2021.

In January 2021, when the UK went into its third national lockdown, and its second period of school closures, ECEC settings were expected to remain open.

As we shall see later, these different periods of restrictions and financial support were characterised by very different ECEC attendance rates and settings' responses. They also coincided with different labour market conditions and COVID case rates. For example, the number of people claiming unemployment related benefits more than doubled between March and May 2020 (from 1.25 million to more than 2.5 million), then remained at that level for around a year before starting to decline.⁹ The number of jobs furloughed peaked at almost 9 million in the first national lockdown before declining, but rose again during the second and third national lockdowns, reaching a secondary peak of almost 5 million jobs in January 2021, when schools were closed for a second time.¹⁰ While COVID case rates are not directly comparable over time because of differences in testing practices, each of the lockdown periods was preceded by a steady rise in COVID cases, with case rates particularly high in the second half of 2021 and early 2022, towards the end of the period considered in this study.¹¹ There were also significant differences in labour market conditions and COVID case rates across local areas.

Appendix B provides a detailed timeline of restrictions affecting ECEC settings, and the national support available to providers and parents at different stages of the pandemic.

2.4.2. Local perspective

As we will discuss in the following chapters, the LA survey findings highlight that, against the backdrop of considerable variation across areas in terms of COVID case rates and local labour market conditions, LA interventions to support local providers and parents varied considerably. LA intervention ranged from additional financial support for settings and the provision of PPE for staff, to advising settings on national policies and restrictions and parents on how to find alternative ECEC provision if their setting was closed.

As outlined in chapter one, the LA survey gathered data on support in seven areas: two targeted at parents (guidance on using childcare and assistance to find childcare) and five targeted at providers (health and safety, staffing challenges, financial management, local financial support, and quality). All LAs provided pandemic-related support in at least three of these seven areas, and two-thirds (80 LAs) offered pandemic-related support in six or seven policy areas. This variation in the number of areas of support highlights how some LAs had broader involvement in supporting the sector than others.

Total local spending to support ECEC provision through the pandemic was also considerable in many LAs but there was substantial variation, with several LAs reporting no additional spending. Only 27 LAs provided an estimate of the total cost, with an average amount of £620,000 and a range of £45,000 to £2,000,000. 20 LAs provided an estimate of some of the costs (indicating a minimum spend figure), with an average amount of £600,000 and a range of £20,000 to £4,000,000. It should be noted that these estimates covered different ranges of items (for example, some included additional free entitlement

⁹ <https://researchbriefings.files.parliament.uk/documents/CBP-8898/CBP-8898.pdf>

¹⁰ <https://researchbriefings.files.parliament.uk/documents/CBP-9152/CBP-9152.pdf>

¹¹ <https://coronavirus.data.gov.uk/details/cases>.

funding, while some did not) and that the estimates reflect substantial variation in LA size and total budget in normal times.

There was also variation in the way in which LAs communicated COVID-related information to parents and providers. LAs generally indicated that there was a mix of national and local messaging for both parents and providers. But almost a third predominantly used local messages rather than national sources, while the remaining LAs were roughly equally split across those using “a mix” of local and national sources; those mainly using national messages translated into the local context; and those mainly using national messages or signposting to national sources.

2.5. Summary

The chapter has provided the backdrop for the study and highlighted weaknesses in the pre-COVID ECEC system. Competing policy objectives reflected in complex funding arrangements resulted in a system that did not always work well for families nor providers. Furthermore, poor regulation of market forces meant that many families had to navigate complex, and fragmented services of variable quality, that were not always responsive to families’ diverse needs. While LAs were responsible for managing the ‘childcare market’ and supporting the delivery of and access to ECEC services, limited powers and resources considerably narrowed what they could do to deal with these systemic weaknesses.

The pandemic has forced national and local governments to increase their involvement in the ECEC system by providing emergency funding and by being more involved in the management of the system. The following chapters consider what lessons we can learn from the impact of COVID on the ECEC system and what opportunities are emerging for building resilience in the system.

3. Use of ECEC and COVID

This chapter explores:

- How ECEC use changed during the pandemic, using national data on trends in ECEC attendance, booked ECEC hours and take-up of the funded early education entitlements.
- Findings from qualitative interviews with parents, ECEC providers and LA teams to explore what underpinned changes in patterns ECEC use.
- Analysis of national data on take-up of the funded entitlements among disadvantaged children, and qualitative findings exploring how the pandemic has affected ECEC participation among this group.

Other studies are also briefly discussed to place our findings in the context of the wider body of evidence emerging on the impact of COVID on ECEC participation.

3.1. Introduction

The chapter starts with an analysis of national data to assess the impact of COVID on ECEC attendance during the first 18 months of the pandemic, the number of hours of provision parents booked in spring-summer 2021, and take-up of the early education entitlements at the start of 2021. We also explore how ECEC attendance and take-up of the early education entitlements varied in areas with different socio-economic characteristics.

COVID added a layer of complexity to the interplay of factors that shaped parental ECEC decisions pre-COVID. Using qualitative evidence from the case studies, we explore influences on parents' ECEC decisions, including: health risks; the child's early learning and development needs; parental employment; ECEC costs; and, the availability of provision.

In the final part of the chapter, we present analysis of national data and qualitative evidence from the case studies showing growing inequalities in ECEC participation in the first 18 months of the pandemic.

Throughout the chapter other relevant studies are also briefly discussed to place our findings in the context of the wider body of evidence emerging on the impact of COVID on ECEC participation.

3.2. Trends in use of ECEC

This section brings together national data from three sources to provide an overview of how use of ECEC changed during the pandemic. Specifically, it looks at:

- Children's ECEC attendance in the first 18 months of the pandemic (up to December 2021), and how attendance compares to what we might have expected had the pandemic not occurred.
- Providers' data on the hours of early education and care booked in a given week by families in spring-summer 2021, and how it compares with booked hours in 2019.
- Take-up of the early education entitlements in January 2021 and how it compares with pre-pandemic data collected in previous years.

3.2.1. Actual and expected ECEC attendance

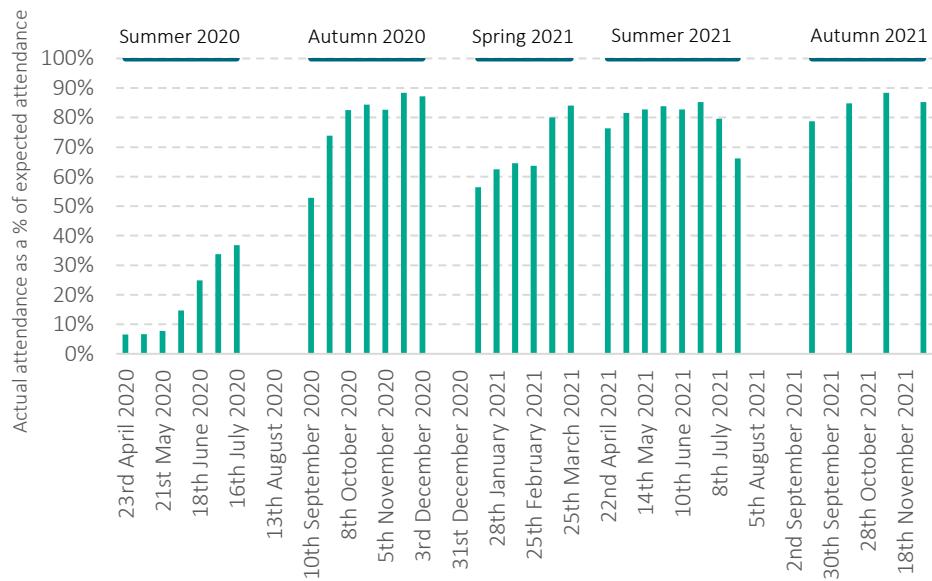
Figure 3.1 presents national data from DfE on the number of 0–4-year-olds attending ECEC settings on a given day each week over time during the pandemic. It shows how attendance rates among 0–4-year-olds on this reference day compare to what we might have expected had the pandemic not occurred.

Analysis of attendance data shows that:

- In the first half of the summer term of 2020, when settings were closed to all except vulnerable children and the children of key workers, attendance was less than 10% of what might have been expected, with fewer than 100,000 children attending on any given day.
- In June 2020, once settings were able to reopen to all children, ECEC attendance started to rise rapidly to a peak of just under 90% of expected attendance in December 2020, during the second national lockdown, which did not restrict attendance in ECEC settings (nor schools).

- In January 2021, during the third national lockdown when schools were closed but ECEC settings remained open to all children, ECEC attendance again fell back to around 50% of expected levels.
- In March 2021, once schools reopened, ECEC attendance jumped up again to around 80% of expected levels and remained around that level until the end of the academic year.
- In autumn 2021, ECEC attendance increased further but it did not rise above about 90% of expected levels.

Figure 3.1 Attendance rates of 0-4 year during the pandemic (actual attendance as a percentage of expected attendance)



Sources: actual attendance figures collected and published by DfE, available from: <https://explore-education-statistics.service.gov.uk/find-statistics/attendance-in-education-and-early-years-settings-during-the-coronavirus-covid-19-outbreak/>

Expected attendance figures calculated from the 2019 Childcare and early years survey of parents (<https://www.gov.uk/government/statistics/childcare-and-early-years-survey-of-parents-2019>) and ONS population estimates. Population estimates for 2019 available from: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annualmidyearpopulationestimates/mid2019estimates>.

Population estimates for 2020 and 2021 available from: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/tablea24principalprojectionenglandpopulationinagegroups>

Notes: DfE publishes expected attendance figures by term (see first source above). We have been able to replicate their figure for the summer term using 2019 population estimates, and have taken at face value their estimates of the difference in attendance across terms (which cannot be recreated from the survey data at our disposal). But the 0-4-year-old population is declining over time. We have therefore scaled the published figures in each term according to the size of the 0-4 population in the relevant year (either 2020 or 2021). This slightly increases the proportion of the 0-4 population we estimate to have attended ECEC in each term relative to published DfE statistics.

There is no comparable data for 2022, but the autumn 2021 figures raise the question of whether ECEC use has now recovered to expected levels based on pre-pandemic patterns.

There is the risk that the drop in participation observed in autumn 2021 may become permanent and, as discussed later, may affect mainly disadvantaged children.

The local data also shows substantial variation in attendance rates across LAs. The latest data available at LA level (from May 2021) shows that attendance among 0–4-year-olds in different LAs varied from around 10% to around 45%, at a time when the average attendance rate for this age group was 28%.¹² Attendance rates were higher in LAs that:

- Were less deprived.
- Had higher rates of development amongst two- and five-year-olds.
- Had higher rates of female economic activity and lower unemployment rates.

Variation in ECEC attendance rates within LAs over time (between April 2020 and May 2021) shows that attendance rates among 0–4-year-olds were higher at times when unemployment rates were lower. This suggests a relationship between parents' availability to look after their children (whether or not they were working) and ECEC use.

3.2.2. Changes in total weekly booked child hours in ECEC settings

The measures of attendance described above capture the number of children using ECEC on a given day (relative to what might have been expected), but do not provide insight into the number of hours of provision used across the week. The change in the total number of weekly booked child hours at settings providing ECEC¹³ between 2019 and 2021 can be estimated using SCEYP data collected each spring. These estimates combine information on the change in the average number of booked child hours per week (discussed further in chapter six) and the change in the number of providers delivering care (discussed further in chapter five).

In spring-summer 2021, the number of booked child hours per week was just under 2 million lower than in 2019 (43.7 million compared to 45.6 million). This amounts to a fall of 4%, which is broadly in line with the reduction in the 0–4-year-old population between 2019 and 2021.¹⁴ This comparison does not cover the substantial drops in attendance in 2020 or early 2021 described above, but suggests that the pandemic did not cause a lasting reduction in the use of ECEC in terms of total weekly hours, given the decline in the 0–4 year old population over this period.¹⁵

Most of the 4% reduction in total weekly hours was due to a 4% fall in hours for group-based providers¹⁶ (from 30.7 million to 29.6 million) and a fall of 18% for childminders (from 5.8 million to 4.7 million), while there was little change for school-based providers (8.3 million in both 2019 and 2021). The decline for group-based providers reflected a mix

¹² We do not have information on expected attendance levels in each local authority, so we instead consider how many 0–4-year-olds attended as a proportion of all 0–4-year-olds in each local authority.

¹³ The SCEYP data covers settings providing care for at least one preschool child but the booked child hours includes any care provided for school-age children in these settings. In 2021, 39% of these group-based providers and 74% of these childminders had at least one school age child. School based providers were only asked about their nursery (ECEC) provision and the child hours do not include any for school age children. Hence, the total number of booked hours includes some school-age childcare as well as ECEC.

¹⁴ ONS population projections suggest the number of 0–4-year-olds was 3,145,000 in 2021, a 4.7% fall from 3,299,637 in 2019.

¹⁵ This need not be inconsistent with the attendance figures described above – which suggested that there were around 10% fewer children attending ECEC on a given day than might have been expected without the pandemic – if the distribution of hours used across the week also changed, for example.

¹⁶ Group based settings include for-profit and not-for-profit (voluntary) providers which are not based in schools. School based providers include nursery provision in maintained and independent schools.

of a 3% reduction in the number of providers and 1% reduction in the number of booked hours per provider. The drop for childminders was a similar but more dramatic mix of a 11% fall in the number of childminders and 8% fall in the number of booked hours per childminder. The consequences of variations in impacts by provider types are investigated further in chapter six.

3.2.3. Take-up of the 15-hour early education entitlements

Finally, we consider changes in the take-up of the funded early education entitlements – the universal offer of 15 hours per week of ECEC during term-time for three- and four-year-olds, and the offer of 15 hours per week of ECEC during term-time for disadvantaged two-year-olds.

There were large reductions in the take-up of these early education entitlements between January 2020 (pre-pandemic) and January 2021 (mid pandemic).¹⁷ These falls were largest for two-year-olds eligible for the disadvantaged early education entitlement, with take-up decreasing 7 percentage points (from 69% to 62%) over this period. By comparison, take-up amongst three-year-olds fell by 4 percentage points (from 91% to 87%) and take-up amongst four-year-olds fell by 2 percentage points (from 95% to 93%). Unfortunately, it is not possible to identify separately take-up for disadvantaged three- and four-year-olds, so it is not clear how much of the differences reported here for two-year-olds and older children are driven by different behaviours for children of different ages or from different socio-economic backgrounds.

Figure 3.2 shows that these reductions were larger than would have been expected on the basis of pre-pandemic trends in take-up, especially for two-year-olds. The lines show the proportion of eligible children taking up their entitlement separately for each age group over time; the three red diamonds in 2021 indicate, based on pre-pandemic trends, what we might have expected take-up rates to be for each age group had the pandemic not occurred. The difference between these predictions and the actual attendance rates in 2021 provide an indication of the effect of the pandemic on take-up.

We found little evidence of any systematic relationships between area characteristics and take-up rates *relative to expectation* for two-year-olds or four-year-olds. There was some indication that take-up amongst three-year-olds fell more relative to expectation in densely populated (urban) areas and less relative to expectation in areas with higher female economic activity rates, but little relationship with other area characteristics.

If we were to instead focus just on the *actual percentage changes* in take-up between January 2020 and January 2021, we find evidence of much stronger relationships with area characteristics, particularly for two- and -three-year-olds. Specifically, areas that saw *larger percentage reductions* for two- and three-year-olds over this period had:

- Lower rates of female economic activity.
- Higher furlough rates (for two-year-olds) or higher claimant counts (for three-year-olds).

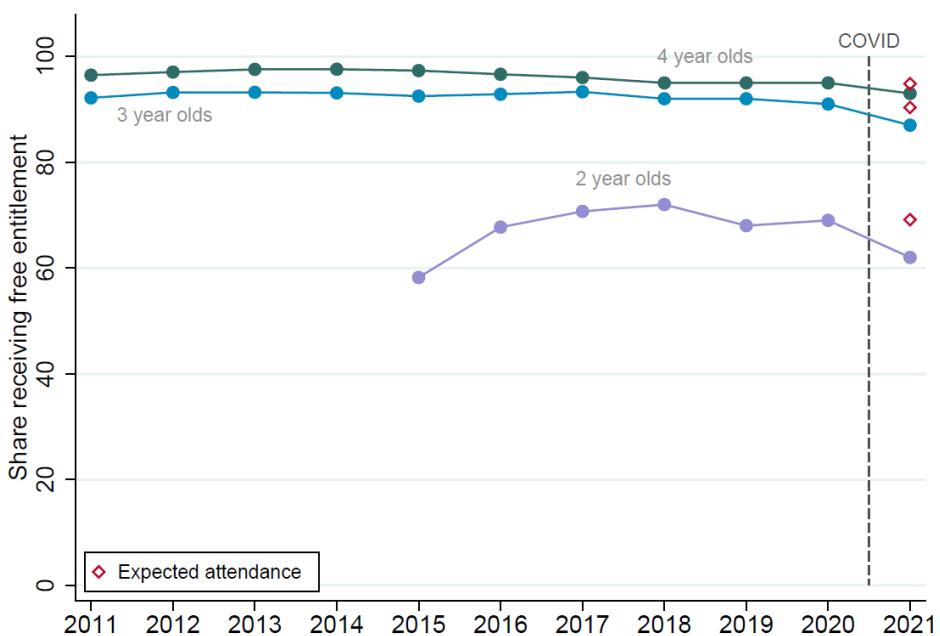
¹⁷ Take-up is usually based on the number of children attending a setting on a given census date. However, the data collected in January 2021 was based on the number of children registered at a setting rather than actually attending on the census date because the UK was in a third national lockdown at the time of the January 2021 census, and while early years settings were open, schools were closed.

- Higher population densities and larger ethnic minority populations¹⁸.
- Higher COVID case rates.

This suggests that parents' ability to care for children at home, as well as (their perceptions of) the health risks associated with COVID were important determinants of parents' decisions about whether children took up their early education entitlement. These patterns are corroborated by the findings from the case studies (discussed below).

Comparing these results to the analysis of which areas experienced differences in take-up *relative to expectation* – in which we identified few significant relationships – suggests that these are the types of areas that would *in any case* have been expected to experience smaller increases or greater declines in take-up of the free entitlements between January 2020 and January 2021, even in the absence of the pandemic.

Figure 3.2 Early education entitlement take-up rates amongst eligible children



Sources: DfE estimates of the proportion of eligible children taking up their early education entitlements between January 2011 and January 2021: <https://explore-education-statistics.service.gov.uk/find-statistics/education-provision-children-under-5>

Notes: Expected attendance in 2021 predicted from a regression model estimating pre-pandemic time trends. For two-year-olds, take-up rates for 2019 were not included in the estimation, as an increase in the eligible population arising from changes to Universal Credit may have erroneously depressed take-up figures in that year. (Predicted take-up would be slightly higher for two-year-olds in 2021 if we included the 2019 figure in our modelling, but the overall story would not change.)

Using data that can track children over time, we can see whether those who were already taking up a free entitlement place in January 2020 were still taking up a place in January 2021, i.e., whether they were 'retained' in the system. The main group for which this is

¹⁸ These characteristics were also associated with larger percentage reductions in take-up for four-year-olds between January 2020 and January 2021.

feasible is disadvantaged two-year-olds in January 2020, who would have been three years old in January 2021.¹⁹

The retention rate for this group between January 2021 and 2020 was 94%: slightly lower than the 96% retention rate between January 2019 and January 2020, but still pretty high. Given that only a minority of children are eligible for the two-year-old offer, this reduction will account for a minority of the reduction in take-up of 4 percentage points amongst three-year-olds seen between January 2020 and January 2021. In other words, these figures suggest that most of the fall in take-up arose because newly eligible children did not take up their places when they became eligible, rather than because children already taking up their places dropped out of the system (although this is partially responsible).

The retention rates of disadvantaged two-year-olds are lower amongst ethnic minorities – especially those from Asian backgrounds – and for children who are entitled to a two-year-old place as a result of special educational needs (rather than economic disadvantage, being in the care system or other reasons). Putting this another way, ethnic minority children and those with special educational needs were the most likely to stop taking up their free entitlement between January 2020 and January 2021. As we will see below, this corroborates evidence from the case studies about the responses and concerns of different types of families.

3.3. How COVID has influenced ECEC take-up

Qualitative data from the case studies shows that COVID added a layer of complexity to the interplay of factors that shaped parental ECEC decisions pre-COVID, as the risk of infection at different stages of the pandemic was balanced against the benefits of ECEC for children, and the consequences for children and parents of not accessing ECEC or reducing its use.

The findings in this section are primarily based on discussions with parents about their ECEC decisions in the first 18 months of the pandemic, although it also includes some reflections from providers and LA teams on how patterns of ECEC use were affected by COVID.

3.3.1. Health risks

Reducing the risk of COVID infection was key to shaping parents' decisions during the first lockdown, when there was pressure on the public to keep one's family and others safe and parents felt they had to play their part to 'defeat the virus'. As this key worker, whose child was eligible to attend the setting during the first lockdown, explained:

'...we decided to keep our child at home and keep people safe ... and the nursery appreciated that.' Working mother in a couple, four children aged two, four, 12, and 17

Reflecting trends in ECEC attendance discussed above, interviews with parents, providers and LA teams indicate that during the second and third lockdowns the risk of COVID infection was less influential in shaping parents' decision about ECEC use. However, some parents were still keeping children at home in late 2020 and early 2021, particularly in households with medically vulnerable children and adults, in ethnic minority communities, where grandparents helped with childcare and in multigenerational families.

¹⁹ The retention rate of three-year-olds is complicated by the fact that many are in school the following January, so we do not report on this further.

When settings started to re-open in summer and autumn 2020, trust in the provider and awareness of the measures it had taken to be COVID compliant (e.g., additional cleaning, keeping children in small groups) were important to reassure parents that they were 'doing the right thing' in sending their child to a setting. As this parent explained:

'It was safer for him to be there [the setting] than to take him to the supermarket.' Working father in a couple, four children aged three months, three, six, and 11

While overall COVID measures supported ECEC attendance by reassuring parents that it was safe to send a child to a setting, not being able to stay with a young child to help them to settle in a new setting had the opposite effect. Some parents delayed entry into ECEC as they felt that their child was too young to get used to being in a setting without parental support.

During the third lockdown, the message that it was not safe for children to go to school, but it was safe for young children to go to an ECEC setting caused considerable confusion. As shown in the attendance data discussed earlier, when it was feasible to make alternative arrangements (e.g., informal care, work from home), parents decided to keep their child at home. As this parent explained:

'If we could deal with her at home, which we could, then we didn't want to put her in harm's way, however small the chances were.' Working father in a couple, two children aged one and four

3.3.2. Child's early learning and development

While parents said that the risk of COVID infection played a big part in their decision not to use ECEC in the first weeks of the pandemic, as the health emergency progressed concerns about children missing out on opportunities to socialise and learn became increasingly more important. As parents observed the effects of their child missing formal learning (discussed in chapter four), they started considering whether the damage may be greater than the COVID risk, particularly as parents increasingly ran out of time and energy to support their child's learning at home. As these parents explained when talking about the decision to send their children back to the setting in summer 2020:

'...we were thinking about their [children's] psychological needs and the needs to socialise... just knowing that they get to see children their age because they weren't while they were at home.' Mother in a couple not working, four children aged two, four, nine and 10

'I thought his social development outweighed it all, really, the risks of COVID, so that's why I decided to send him back.' Working mother in a couple, one child aged three

Our sample only included parents who were using or planning to use ECEC around the time of the fieldwork; they were therefore strongly orientated towards using ECEC. Discussions with LA teams and providers suggest that among parents who were hesitant about using ECEC before COVID, the pandemic added another level of concern and made them less likely to send their child to a setting. They noted that ECEC take-up among children in disadvantaged areas and from some ethnic communities, which was already low before COVID, had dropped considerably since the start of the pandemic.

3.3.3. Parental employment

As discussed in chapter two, maternal and to a lesser extent paternal employment has a considerable influence on ECEC decisions (Department for Education, 2019a). Our evidence, both from national data sources (discussed above) and the case study interviews, shows that employment continued to influence patterns of ECEC use during the pandemic. However, employment changes meant that parents had options that were not available to them pre-COVID. For example, as parents were furloughed or worked from home, they were able to keep their child at home when they were very concerned about the high risk of COVID infections or/and if they wanted to save money.

The extent to which work influenced ECEC decisions varied. Some, but not all, parents were able to balance work considerations with children's wellbeing, as the quotes below, from parents who sent their children back in summer 2020, illustrate:

'...when they [setting] first opened ... I was a little bit apprehensive about sending him back, but they had put lots of procedures in place and I did feel that he needed social interaction again. I also felt that I needed to go back to doing my normal hours at work, I couldn't really sustain what I was doing for much longer.'
Working mother in couple with one child aged three

'...at that time when I sent him [child] back there was no great reassurance it was just getting too difficult to have him at home and be working as well. I took a little bit of time off, but obviously I wasn't able to take ... six weeks ... off ... so I just made the decision to ... send him ... back to nursery... I feel like my hand was forced because of my position with work, at that time.' Working mother in couple, two children aged four and 14

3.3.4. ECEC costs

As discussed in chapter two, parents report that the cost of ECEC influences patterns of ECEC use (Department for Education, 2019a). For some parents ECEC costs played an even bigger role during the pandemic due to employment insecurity and/or a drop in household income.

Some parents also resented having to pay for a service that they were not able to fully utilise due to self-isolation rules or temporary closure. Furthermore, before testing became generally available, COVID meant that settings were more likely than before the pandemic to ask parents to keep children at home, for example if they had a cold or a runny nose. Therefore, other options, such as parental and grandparental care, became more attractive during the pandemic. As this parent explained:

'...he [child] was picking up bugs every week. ... It wasn't coronavirus ... it was maybe just a cold, or ... teething... but because the nursery obviously had those checks in place meant that they were sending him home for one day and asked to keep him home for next two days. Which we still had to pay for, and at £55 a day we just thought, we can't afford this! It was just getting ridiculous because it was happening every week, and that's why ... we decided to stop him going to nursery and ... find a way of doing it at home....' Working mother in a couple, two children aged two and five

3.3.5. ECEC availability

The evidence from parents, providers and LA teams suggests that the influences discussed above were the main drivers of changes in patterns of use and an overall decline in ECEC attendance during the pandemic, rather than a lack of availability of

ECEC places or hours. This is also borne out by national data from the DfE, which suggests that the proportion of ECEC settings open (see chapter five) was consistently higher than the proportion of children attending (relative to expectation) at all points during the pandemic, suggesting that, at least at a national level, sufficiency did not appear to be a big issue.

However, there was also evidence that in some cases take-up was constrained by limited ECEC availability in ways that are not reflected in the national statistics. For example, if their setting was closed parents preferred to keep a child at home or rely on informal care, rather than move the child to a new setting. Some settings operated reduced hours and/or days, which was problematic for some working parents who therefore decided to switch to informal care. Similarly, settings' temporary closures meant that parents did not have access to ECEC as much as they needed to, and they decided to make alternative arrangements.

While our study focused on ECEC services for under-fives, parents with older children and LA teams commented on the considerable drop in use of out-of-school services. The LA survey also found that out-of-school provision had suffered substantial reductions. These services were hit particularly hard by COVID restrictions (e.g., children asked to attend only one setting) and struggled to remain open, which created considerable challenges for working parents who needed out-of-school care.

3.4. ECEC use among disadvantaged children

As outlined in Section 3.1.3, national data shows that the take-up of the early education entitlement for disadvantaged two-year-olds fell considerably between January 2020 and January 2021. The drop was larger than the drop in take-up of the universal early education entitlements for three- and four-year-olds. This suggests that the use of this type of ECEC may have fallen more amongst children from lower income families than amongst wealthier families.

It is possible that this may be due to differences in behaviour for younger children rather than differences in behaviour amongst more disadvantaged vs. less disadvantaged families. However, there is also suggestive evidence that take-up may have fallen more amongst disadvantaged three- and four-year-olds as well. Between January 2020 and January 2021, there was only a 6% rise in the proportion of children taking up a publicly funded ECEC place who were eligible for the early years premium, compared to a rise of 20% in the proportion of school-age children who were eligible for the pupil premium (for which the eligibility criteria are the same).

Reflecting the statistical evidence, LA teams and providers in the case studies reported that disadvantaged children²⁰ missed more formal early learning than their peers, their absences from ECEC were more prolonged and/or more frequent. The reasons for low ECEC participation among disadvantaged children reflect influences on take-up discussed earlier, as well as issues around ECEC availability:

- As disadvantaged children were more likely to be in non-working households, their parents could prioritise health concerns and keep children at home for longer.

²⁰ Participants' definition of disadvantaged children typically included children with additional needs, from low-income families and vulnerable children who were being supported by children's social care services.

- Disadvantaged children were overrepresented among groups at higher risk of COVID complications, including ethnic minorities and families with a medically vulnerable adult or child.
- LA participants reported that many school-based settings (attended by many disadvantaged children) closed during the third lockdown when schools were also closed.
- Some LA participants reported that settings in disadvantaged areas were slower to reopen and return to normal opening hours than settings in more affluent areas, although the reasons for this were not clear.
- Some non-working parents said their child missed out on ECEC because settings operating at reduced capacity prioritised places for working families.

At the time of the case studies fieldwork (April-August 2021) LA participants were concerned that the drop in ECEC participation among disadvantaged children may become permanent and that the pandemic had undone much of the work to increase uptake of the two-year-old entitlement.

In early 2022, when the stakeholders' workshops were held, LA participants were more positive about ECEC uptake among disadvantaged children, which seemed to be picking up. However, concerns were still voiced about children with additional needs and vulnerable children:

- As providers were facing considerable financial challenges (see chapter five), LA participants were worried that it could become increasingly difficult for children with complex needs to access ECEC, because of the financial implications for providers of supporting them.
- There was a concern about vulnerable children not attending ECEC and not being on anybody's 'radar' given the considerable disruption to other early years services. These concerns seem to reflect recent evidence highlighted by the Children's Commissioner about school-age children missing from education since the start of the pandemic (Children's Commissioner, 2022).

Evidence from other studies has highlighted that the pandemic is leading to increased inequalities in early education experiences. Decline in ECEC uptake among disadvantaged children was noted in a Parliamentary Post publication (Hobbs & Bernard, 2021) in autumn 2021. A survey carried out in November 2021-February 2022 found that 38% of LAs reported a decrease in take-up of the early education entitlement among disadvantaged two-year-olds (Coleman, et al., 2022). A study on COVID and childcare in England (and Wales), has found that during the pandemic children from disadvantaged backgrounds were least likely to be able to use ECEC, even though its benefits are most likely to be greatest for them (Hardy et al., 2022).

3.5. Summary

The pandemic severely disrupted the formal early education experiences of many children growing up with COVID. Compared with previous cohorts, most of these children have spent less time in an ECEC setting, and at the same time other learning and play opportunities outside the home were also very limited. Parents' concern about the impact of children missing formal learning experiences and the strain on parents of looking after children full-time (particularly if they were working) were strong drivers of the decision to send children to a setting when ECEC services started to re-open to all children in summer and autumn 2020. However, children's early education experiences continued to be

disrupted by self-isolation rules, temporary setting closures and the third lockdown, when ECEC attendance was half of what would have been expected without the pandemic.

Data provided by settings in spring and summer 2021 suggests that a year on, the pandemic had not resulted in any substantial decline in the *total hours* of ECEC used, with ECEC delivery broadly in line with pre-pandemic levels given the decline in the population of children aged 0-4.

However, analysis of the *number of children* attending ECEC shows that attendance was 90% of expected levels in the autumn 2021, indicating that some children, who would have been in ECEC in the absence of the pandemic, were not in early education. There were concerns among providers and LA teams that those missing from early education were mainly disadvantaged children, as they were over-represented among families more at risk of COVID complications (e.g., ethnic minorities) and who could more easily keep children at home (e.g., as parents were not working). Echoing the findings from other research, our study has highlighted that the pandemic has increased inequalities between disadvantaged children and their peers.

In the next chapter, we will explore views on how the disruption in ECEC attendance has affected children and the impact of the decline in ECEC uptake among disadvantaged children.

4. How changes in ECEC participation affected families

Using the case studies data complemented with findings from other research, the chapter explores:

- How disruption in ECEC arrangements affected parenting, parental mental health and wellbeing, parental employment and income.
- How different groups of children were affected by changes in early education experiences.
- How changes in early education experiences affected children's wellbeing and development.
- How LAs intervened during the pandemic to support ECEC participation and children's early learning and development.

4.1. Introduction

As discussed in the previous chapter, most children did not attend a setting during the first lockdown, and after that ECEC participation continued to be disrupted for some children. Using the case studies data complemented with findings from other research, the chapter explores how families were affected by the disruption in ECEC arrangements.

We first discuss experiences of parenting without ECEC, and consider the implications for parental mental health and wellbeing, and for parental employment and household income. We explore how different groups of children were affected by changes in ECEC arrangements, reflecting the extent of disruption to their early education experiences. We discuss parents' and practitioners' perceptions of how disruption in early learning experiences have children's development and wellbeing.

In the final part of the chapter, we explore how LAs intervened during the health emergency to support ECEC participation and children's early learning and development.

4.2. Parenting without ECEC

During the first lockdown most parents in our study became solely responsible for looking after, entertaining and supporting their children's learning. Even after the first lockdown, for many participants parenting continued to require more time and energy than pre-COVID due to the continued disruption in their ECEC arrangements, as well as in other early years services, schools and informal support.

In this section we discuss parenting without ECEC at different stages of the pandemic, in two-parent and single parent households, in families with children with different needs and in households with limited resources.

4.2.1. Parenting at different stages of the pandemic

Some participants found parenting without ECEC challenging from the very start of the pandemic, particularly if they were working (and had not been furloughed), while others commented on the positive aspects of the first lockdown:

'During the first lockdown we just worked from home ... So it was difficult really, because the school and nursery were closed... I did the best I could but ... I'll be honest there were times ... the kids would be just stuck in front of the telly and I was upstairs working ...' Lone father, working, two children aged two and four

'He [son] liked having me at home, we're not rushing to go anywhere. We've done a lot of art and craft in the house.... He adapted to it well really and I think he just enjoyed having my attention.' Lone mother, working, one child aged two

As ECEC continued to be disrupted by COVID, even parents who were initially positive about the opportunity to spend more time with their children found it increasingly difficult to juggle competing demands of running a home, working, supporting home learning of children with different needs and at different education stages.

4.2.2. Parenting in two-parent families

Parents' accounts show that diverse experiences of parenting during the pandemic partly reflected the division of childcare responsibilities within the home. In two-parent families, it was mainly mothers who had main responsibility for childcare and for finding the time

and energy to support children's learning. Mothers were therefore more likely to report the strain of parenting without ECEC:

'My husband continued to go out to work so I had to manage the children while I was working at home... it was very hard and the thought of another lockdown and not having childcare petrifies me... it's a massive worry.' Mother in a couple, working, two children aged two and four

On the other hand, some fathers in couples commented on the positive aspects of spending more time with their children:

'There's been positives, I mean, as a family, we spent a lot more time together than we possibly had when we're all working outside than just being at home, so when the kids were at home, and I was working from home, and my partner was at home.' Father in a couple, working, four children aged under one, three, six and 11

A quantitative study on the division of paid and domestic work in two-parent families during the first lockdown also found that women did much more childcare than men, and that neither differences in employment rates nor in earnings adequately explained these gender differentials (Andrews et al., 2020). Research by the Women's Budget Group based on a survey of 3,280 parents, as well as other data sources, found that at the height of the first lockdown the overall unpaid childcare load on both parents significantly increased, while existing disparities between mothers and fathers grew larger (Women's Budget Group et al., 2020).

However, there is also evidence of changes in fathers' role during the pandemic. For example, an analysis of data from the COVID supplement of the Understanding Society longitudinal study found that compared with 2016/7, the proportion of households with children in which the father was the main childcare provider had risen from 2.6% to 20% by May 2020 (Hupkau & Petrongolo, 2020, p. 648).

Research by the Fatherhood Institute (Burgess & Goldman, 2021) reported on a survey of fathers of children under 12 living with or without a partner and living full-time or part-time with their children during the pandemic. The fathers reported many positive experiences of greater involvement with their children during lockdown. Nevertheless, the survey highlighted that the pandemic revealed an existing gap between fathers and mothers in terms of the amount of unpaid work done (Burgess & Goldman, 2021, p. 13).

4.2.3. Parenting in single parent families

Single parents in our study reported that typically co-parenting arrangements were not substantially altered to compensate for the disruption in ECEC arrangements. This meant that parenting without ECEC was particularly stressful for single parents, especially when combined with financial pressures:

'I'm on my own and I found the lockdown with both children at home really stressful... It's been horrendous. I think it's really affected my three-year-old because ... she's barely been at nursery... and the school putting a lot of pressure on me to homeschool and it's like, I don't think they take into appreciation it's quite difficult when you've got children at home... ... I went on to the Universal Credit at the beginning of lockdown ... I've had to use food banks and stuff a couple of times, because we just really, really struggle. I don't think they've taken into a consideration the extra cost of having the children at home all the time. So I'm like having to find different ways to entertain them ... They eat a lot more when they're at home, you know what I mean?! It was just a combination of

everything. ... and it is really hard ...' Lone mother, not working, two children aged three and 10

Other research has highlighted the challenges of parenting alone during the pandemic. For example, a parent survey found that during the first lockdown 65% of single mothers experienced problems going to the shops, although the implications of this were not explored (Women's Budget Group et al., 2020, p.1). As reported later, research by Gingerbread found a considerable negative impact on single parents in employment and when employers did not offer much flexibility in how parents organised their work, working at home while caring for their children was reported to be extremely challenging (Clary et al., 2021, p 13).

4.2.4. Parenting children with different needs

In our case studies, parenting was reported to be particularly challenging in families with school-age children as parents felt under great pressure to help with home education and had limited time to support younger children. Similarly, parents had to prioritise support for children with additional needs, particularly if their condition was worsened by the pandemic, and felt that they neglected other child(ren) in the family.

'I've not really been able to focus on his education or anything like that, it's all been about [older sibling] and his school work. So for that reason [child] has been ... very left out, I feel. He has just started going back to a weekly playgroup ... so he's just started interacting with children his own age ... So hopefully he'll build up a bit of social skills that way, as his social skills are poor, I'm sure his fine motor skills have gone down a bit as well because he's been inside more.' Mother in a couple, working, two children aged two and five

'During the first lockdown I was trying to work from home, I wasn't getting as much home-schooling done with them as what I should've been doing, because I just physically couldn't do both. My eldest son was diagnosed with dyslexia and needs more help.... Trying to split myself between the two boys, one being a lot younger than the other so they're on completely different pages, it was very hard.' Mother in couple, working, two children aged four and seven

4.2.5. Parenting with limited resources

LA teams reported that parents with limited resources experienced additional challenges in supporting their children's learning. For example, if they only had a computer that had to be shared between different family members or had to use a smart phone to access activities provided by their setting (see 4.6.2.).

LA teams also noted that stay-at-home orders were also very challenging for families in small homes, overcrowded conditions and with no garden or outside space.

4.3. Parental wellbeing and mental health

Parents' (and particularly mothers') mental health was considerably affected by the pandemic with depression and anxiety reported by most mothers in our sample, and with some requiring treatment. This reflects other studies which have found a considerable deterioration in parents' mental health due to high stress levels, particularly among those with children under 10, single parents, low-income families and with SEND children (Dawes et al., 2021; Shum et al., 2021).

Parents in our study reported that a range of factors had affected their mental health since the start of the pandemic. These included isolation, financial worries, and the risk of COVID

infection, particularly where there were medically vulnerable family members or where parents worked in frontline roles that put their families at risk. However, some participants felt that the disruptions in ECEC arrangements (and school closures) contributed to a deterioration in their mental health. They described how stressful it was to keep children entertained and stimulated all day, and how guilty they felt about not doing enough to support their learning. Parents were also very aware that their deteriorating mental health impacted on their ability to parent, and therefore on their child's wellbeing and development.

'It's been a very tough year with home-schooling, and with a husband who's a key worker, ... and single-handedly trying to look after children with very different ages and very different needs, and an autistic child ... it's just constantly feeling guilty every day that you're not able to do enough with each of your children ... in the last few months I got quite close to breaking point...' Mother in a couple, not-working, three children, aged three, seven and 11

'[When the setting re-opened] ... it made a massive difference, it meant I could go back to work, I felt things were going back to normal, so my mental health and just general quality of life was much better for a short period of time before it hit the fan again.' Mother in a couple, working, two children, aged four and seven

Our findings on the impact of the closure of ECEC settings on parents' mental health echo research on the impact of school closures on parents with primary school children. This other study used variation in the reopening of schools to children of different ages and controlled for other factors affecting mental health. It found that mothers' mental health was significantly negatively affected by school closures, although the effects disappeared once children were able to return to school (Blanden et al., 2021).

4.4. Parental employment and household income

Our findings show that the disruption in ECEC services had a considerable impact on working parents, if they were not furloughed or did not have access to informal childcare.

Disruption to ECEC arrangements meant that some parents (mainly mothers) were forced to take (paid or unpaid) leave or asked to be furloughed for childcare reasons, while others reduced their working hours. This resulted in a loss of income in some cases. Some parents reported that their employment prospects or the future of their business had also been negatively affected:

'I'm a self-employed carer... At the beginning of the pandemic ...I had to stop working because my nursery closed so I didn't work for nearly three months... I did not get any help [from the self-employment scheme] because I hadn't been self-employed long enough... I was on Universal Credit so I got a little bit more, but not really much, nothing like the furlough people.' Lone mother, working, one child aged two

'... for a while, my son wasn't allowed to go to the school nursery for the whole day because they were treating it like separate bubbles, and it made it ... so difficult. My daughter still doesn't do the hours that I would like her to do... she's not in the bubble that I would like her to do because that bubble is full ... it cuts my working day down by two hours...' Mother in a couple, four children aged two, four, nine and 10

While other studies have not specifically looked at how disruption of ECEC services have affected parents, they have highlighted gender differences in the impact of the pandemic on parental employment. For example, research by the Women's Budget Group found that

during the first lockdown mothers' jobs were more at risk than those of fathers (Women's Budget Group et al., 2020, p.1). They also highlight the pandemic's disproportionate impact on ethnic minority women, with a quarter of mothers from ethnic minority groups reporting struggling to feed their children (WBG et al., 2020b). Research by Gingerbread has explored the consequences for single working mothers who were not defined as key workers. Compared to other family types, these single mothers were twice as likely to be on zero hours contracts, adding to their job insecurity (Clary et al., 2021). A House of Commons Women and Equalities Committee report has also highlighted how existing gendered economic inequalities have been exacerbated by the pandemic, as well as actions taken by the government (House of Commons Women and Equalities Committee, 2021, p. 6).

Some parents in our study were able to work from home when their ECEC setting was closed or if they did not think it was safe to send their child to a setting. However, as discussed earlier, the strain of looking after children while working was considerable, and some felt that it affected the quality of work:

'... it was hard because she [wife] was trying to do a full-time job as well as look after a four-year-old. ... she was wandering around the house and getting up to stuff she shouldn't be doing, so I know she kept getting interrupted and having to come off the computer a lot which I think was a nightmare, and it affected her work...' Father in couple working (not from home), one child aged 14 months

'I'd say the main effect [of COVID] has been the part where we've had to look after the children, home-school and work at the same time, that was really stressful and challenging because you didn't feel like you were doing anything well.' Mother in couple, working, two children aged two and five

A study by UNICEF on the impact of the pandemic on family life globally has highlighted that working from home does not equate to flexible working and cannot replace the need for state support when ECEC services are not available or cannot be accessed (Gromada et al., 2020, pp. 8-9).

4.5. Diversity of effects on children

The interviews with parents, providers and LA teams show that children were affected in different ways by changes in ECEC arrangements, primarily reflecting diversity in how much early education children missed. For example, some children missed very little ECEC as they were eligible to attend during the first lockdown. Parents and practitioners thought that attending a setting that was less busy than normal benefited children, particularly children with additional needs:

'... [during the first lockdown] there was some kids there, yes, but not as many, so he [son] ... thought everybody had left, but apart from that he's been fine. I think he may have even enjoyed it, having less kids there, because of his autism. It's enabled him to get a little bit more of a relationship with the workers at the nursery, to be honest, because there's been less children around.' Mother in couple, working, two children aged four and 14

'An unexpected positive was that children with SEND who did go to provision, we've seen that they've made better progress than we would have expected, and that's because, probably, they got more individual attention.' LA early years and childcare quality and access adviser

While some children with complex needs benefited from attending less busy settings, as discussed later, others were negatively affected by delays in assessments or by remote assessments that did not adequately identify their needs for additional support.

When children's ECEC participation had been significantly disrupted by the pandemic, both parents and professionals in our study reported being concerned about the negative impact. Formal learning was seen as an important aspect of early childhood, and its interruption made its role in supporting children's development even more evident. Predictably the more ECEC participation had been disrupted, the greater was parental concern about the impact on the child's development. Furthermore, when families' ability to support a child's learning at home was very limited (for the reasons discussed earlier), parents were more likely to be concerned about the effects on their child of reduced ECEC participation. On the other hand, having the time and energy to provide learning opportunities at home was seen as partly compensating for the loss of formal learning.

LA teams and providers were particularly concerned about the impact on disadvantaged children as throughout the pandemic their ECEC participation was lower than that of their peers (see chapter three). Furthermore, disadvantaged children were also more likely to be affected by delays in assessment of additional needs and the disruption in family support services:

'... all those children ... who may have missed out on a two-year funded place, who may have missed out on that support you would get from a children's centre where you would learn about how to interact with your child ... or where you'd be referred into more support around a child that may have SEN... I feel that there are lots of children that have slipped through the net. ... this September is going to be quite crucial, because ...we're going to get the first tranche of three-year-olds now turning up to a nursery ... and it's going to me to feel like it's going back to when ... we didn't have the two-year funded places.' LA service manager for children's centres

'... it's the usual story in society isn't it, is that those [parents] that's got the skills, those that's got the resources, kind of make do, and they can make it work, but those that haven't, these are the children that suffer.' Childminder

In 2021 Ofsted undertook research with school-age children with SEND and their families in 10 local authorities to gauge the pandemic's impact on these children and services' responses to their needs. The report revealed stagnation and regression in some children's development and wellbeing, but also noted that some of them continued to flourish, particularly those who continued to attend school. The study also found that existing flaws in the services these children and their families received prior to the pandemic had been exacerbated. In many cases the situation had impacted negatively on their parents' mental health (Ofsted, 2021). Similarly, a survey of 192 headteachers, and in-depth interviews with 40 specialist headteachers and 40 parents carried out in spring 2021 found that pupils with Education, Health and Care Plans (EHCPs) attending special schools and colleges were around four months behind in academic development and five months behind with their wider development (Skipp et al., 2021).

4.6. Children's wellbeing and development

It was not always easy for participants to disentangle the effects of reduced ECEC participation from other ways in which the pandemic affected children's lives (e.g., isolation, parental anxiety). However, there was a consensus among both parents and professionals that children's mental health and wellbeing, as well as key areas of development had been negatively affected, and that many children growing up during COVID were behind compared with their pre-COVID peers.

An Ofsted report drawing on data from 70 inspections of ECEC providers carried out in spring 2022 and supplemented with qualitative research with early years inspectors paints a fairly dismal picture of the pandemic's impact on young children's developmental progress and wellbeing. Concerns were reported in each of the areas covered in the sub-sections below (Ofsted, 2022).

4.6.1. Mental health and wellbeing

There were concerns among parents in our study about the impact of social isolation on children's mental health. Parents felt that the lack of opportunity to socialise with other children and adults in a setting was compounded by the fact that children could not see their family and friends. Parents were worried about children having become lethargic, lacking energy and motivation:

'She's become a real homebody now ... She's only three, but ... she doesn't want to go out any more now ... She started spending a lot of time on her iPad and I had to take that away... but she still likes being in the house all the time.' Lone mother, not working, two children aged three and 10

Professionals in our study reported an increase in social, emotional and mental health (SEMH) needs, including new presentations that they had not seen before. They mentioned a growing number of children affected by trauma due to an increase in family conflict, domestic violence and bereavement. They also noted that many children affected by these issues were more likely to have had long absences from ECEC.

4.6.2. Speech and language

Parents in our study were concerned about their children's communication skills not hitting developmental milestones because they had not been able to provide the kind of stimulation that a setting can offer:

'I think it's [missing ECEC] stumped her development in talking because when you're at home with just your family, you don't need to talk as much. ... You can get everything you want. You don't have to communicate with people. Also we were using the TV as a babysitter quite a lot because there might be times when we're all on a Zoom call, which isn't ideal ... I think that that did affect her that she just didn't need to talk much...' Mother in couple, working, four children aged two, four, nine and 10

Practitioners in our study thought that a delay in speech and language was likely to be the development area most affected by reduced ECEC participation, as well as other COVID consequences, such as mask wearing. They also reported an increase in speech and language referrals:

'So my class now ... out of 29 children, I've just done nine speech and language referrals. So speech and language is exceptionally poor. The use of vocabulary, the knowledge and understanding of the world around them and their community is all completely poor. We feel like we're starting completely from the start again.'
Teacher in nursery class

Other research involving 186 children aged between eight months and three years has highlighted the importance of ECEC to support language development, based on parents' reporting of their children's use of language (Davies et al., 2021). The study found that continued ECEC attendance throughout lockdown had a beneficial effect particularly for children growing up with disadvantage. Children from low-income families who continued

to attend ECEC showed enhanced language benefits, evidenced by understanding more words than those that did not attend ECEC.

4.6.3. Social development

Parents in our study talked about children having become very clingy for weeks, sometimes months, they had not mixed with other children and adults in a setting, and other opportunities to socialise outside the household had been very limited:

'...if you go to a park I notice [child's name] will stand away from people when waiting for a turn on the slide and things like that ...' Lone mother, not working, two children aged two and eight

Reflecting parental views, professionals also reported that children in settings were more likely to suffer parental separation anxiety than pre-COVID. Providers reported that they had 'babies crying and who want to be held all the time', a situation that was not helped by staff instability due to sickness and self-isolation, and because parents were not allowed to remain in the setting to help their child settle in.

Practitioners also noticed that when children went back to the setting after a period of absence, they struggled to adapt to new situations as they had missed out on opportunities to develop self-regulation skills:

'...several [providers] have reported that the children have got higher needs ... A lot around sharing, actually; children having to learn to share and not having the social skills and playing and interacting with each other in the setting. There's been a lot more reports of that.' LA early years support and advice officer

'We have to teach them how to play... They are obsessed with screens, while we want them to learn through play, not through a screen.' For-profit day nursery

Parents in our study reported behaviours that challenge, such as tantrums, children answering back, becoming angry and aggressive. However, some noticed that these issues improved quickly once the child went (back) to the setting. Echoing parents' concerns, providers also believed that behaviours that challenge had become more common since the start of the pandemic. LA participants reported a considerable increase in providers' requests for support with managing behaviour.

Other research involving almost 1,000 parents of children aged between two and five, which explored children's behaviour over one month during the first lockdown, presents a different picture. The research found that working parents experienced a significant improvement in their children's behaviour and attention, possibly due to the absence of stressors such as having to get ready for nursery or missing parents' presence (Pearcey et al., 2020). However, as indicated by our study, as the pandemic progressed it is possible that these benefits diminished as parents increasingly struggled to juggle working with supporting children's learning.

4.6.4. Physical development

The combination of not being in a setting and stay-at-home orders meant that children spent more time indoors compared with pre-COVID, and both parents and professionals felt their physical development, including their motor skills had not developed well or even regressed:

'I decided to send him to nursery because I want him to develop, because it was just me and him and I just thought, just his motor skills were not well developed,

and his learning ... and his speech seems a bit behind because he tends to point a lot ...' Lone parent, not working, one child aged two

However, participants also noted that when children went (back) to ECEC, they had more opportunities to be outdoor than pre-COVID, because it was easier for settings to manage COVID risks outside, and some had improved and expanded their outdoor facilities.

4.6.5. Getting ready for school

Reflecting the findings of other research carried out among schools (Bowyer-Crane et al., 2021; Sutton Trust, 2021; Tracey et al., 2022), the greatest concern among both parents and practitioners in our study was that children who have started school since COVID were 'behind' compared with pre-COVID cohorts. Participants thought that a supportive home learning environment could have mediated the negative effects of missing formal learning. However, there was a consensus that it could not substitute the learning and development opportunities that ECEC provides at this crucial stage in children's life:

'I think [child's name] would have really suffered if he'd not been able to go to nursery. ... he needed to do that, he needed to be with other children to develop, and they can give him so much more than what I could give him. I'd have been gutted, because I think a lot the schools ... were shut for a lot longer. I don't know how we would have coped It was just a godsend that they decided to get them open as far as I'm concerned!' Mother in coupled, working, one child aged three

'He [son] is starting school in September and the nursery said they're really focussing on his writing at the moment, making sure he can write his name and hold the pencil properly. I'm happy that he's going to be in a good place, but I worry as well that because he missed a lot of nursery ... he's still a bit babyish in the head.' Lone father, not working, one child aged four

LA participants reported that feedback from schools about children who started reception during the pandemic showed that:

'...many were at much lower levels in things like speech, language, communication. Socialisation is another - that personal, social, emotional development.. some are not even toilet trained... a huge amount of work is going to have to happen to support those children.' LA early years and childcare team manager

LA teams reported that parents were so concerned about pre-schoolers being 'behind', that a growing number made inquiries about delaying school entry. While the numbers in each LA were small (below 20), they were much higher than they had ever been before.

4.7. LA support for families

This section explores LAs' support to families in the first 18 months of the pandemic with findings from the qualitative interviews with LA teams and parents, and the LA survey. The section focuses on how LAs supported ECEC participation and helped parents to support their children's learning at home. The final part discusses briefly access to and need for other early years services.

4.7.1. ECEC participation

LA teams in the case studies reported that a key priority in the early weeks of the pandemic was to ensure that eligible children could continue to access ECEC services. The LA survey found that virtually all LAs offered support with this. LA teams in the case studies

reported that their Family Information Services were quickly adapted to cope with the COVID emergency. For example, opening hours were extended to respond to urgent requests. Information about vacancies was constantly updated and LAs widely disseminated information about ECEC eligibility rules during the first lockdown. All LAs in the case studies also provided a brokering service during the first lockdown, when many settings were closed, and some parents had to find alternative arrangements. To facilitate the transfer to another setting, LAs also double funded the entitlement of children who had to move. While the need for brokering and double funding was limited as most children stayed at home, it was nevertheless seen as very important to secure places for children who needed to be in a setting at the time when ECEC services were severely disrupted.

The LA survey found that during the first lockdown the level of LA support and its perceived effectiveness seemed to be more strongly associated with the proportion of early years settings open as well as attendance rates of 0–4-year-olds.

Beyond the first lockdown LAs' role in supporting ECEC access seemed to go back to 'normal', although considerable resources were devoted to providing information and reassurance about settings' COVID compliance, including whistleblowing schemes if parents had concerns about a provider's infection control measures. The LA survey also explored whether messaging about COVID was tailored to local circumstances or relied more heavily on national sources. Analysis of the SCEYP data shows that, for school-based settings, there was a smaller decrease in booked hours between 2019 and 2021 in LAs reporting a more bespoke approach to messaging, compared to LAs relying primarily on national sources, suggesting that local messaging may have helped to support attendance in school-based settings. However, there was little difference in the change in average weekly booked hours based on the type of messaging adopted for other provider types.

All LAs in the case studies reported that supporting take-up among disadvantaged children, through programmes such as Golden Tickets and Parent Champions²¹, became a key priority. A more intensive and targeted approach was reported to support ECEC participation among vulnerable children.

Parents in our sample had limited or no experience of using Family Information Services before and since COVID, so the scope for exploring parents' experiences of LA support in accessing ECEC was very limited. However, two access-related issues that would have required LA intervention were raised by parents.

Some parents resented having to pay their provider when they could not access the service during the first lockdown, subsequent temporary closures and when their child had to self-isolate. They felt these payment requests with no room for negotiation (e.g., reduced fees) were unreasonable particularly as many families' income had declined. The fact that settings continued to charge parents full fees while their child was legally prevented from using the service is a practice that has also been highlighted as problematic by the Competition and Markets Authority (Competition & Markets Authority, 2020). Parents in our study argued the LA should have stopped settings from making unreasonable demands, and instead felt that local and central government were primarily concerned about providers' financial situation:

²¹ The Golden Ticket automatically entitles eligible two-year-olds to apply for a funded early learning place without having to check their eligibility. Parent Champions are volunteers who give a few hours a week to talk to other parents about the local services available to families. The programme has been developed by Coram Family and Childcare to help marginalised or isolated parents who miss out on vital information about how to access local family services.

'They didn't consider the families. They considered the businesses.' Non-working mother in a couple, two children aged one and four

Another frustration for some parents was that if children could not take their 15-hour entitlement during lockdowns, they were then not allowed to make up for the 'missing' hours at a later stage:

'...from September he [child] was eligible for those 15 hours, but the nursery was shut from December to February, so we're technically not getting those 15 hours a week ... I know it's free, so you're not paying for it, but it's still something you're supposed to be getting, but we didn't get it for that period, and you can't add it on to the period now.' Working father in a couple, four children aged under one (twins), three and five

Parents thought that the LA should have stepped in to ensure children could fully benefit from their early education entitlement. For example, some suggested that in summer, when COVID infections dropped and restrictions were eased, children should have been offered a summer early learning programme, particularly if they were due to start school in September.

4.7.2. Home learning

All LAs in the case studies asked settings to provide home learning support to children who received publicly funded hours when they were not attending. There were also examples of additional LA support targeted at disadvantaged children. For example, some LAs provided SEND funding to settings to deliver tailored support to children with additional needs. One LA provided learning packs and outreach support to children eligible for the two-year-old entitlement.

The expansion of LAs' role in encouraging settings to provide support with home learning was a key development during the pandemic. However, LA participants believed that not all settings provided home learning support and what was provided varied considerably in terms of content and quality. For example, some settings offered live zoom sessions, while others only provided non-interactive activities such as pre-recorded story time sessions and suggestions of what parents could do at home with their children. LA participants and parents noted that usually home learning support was not tailored to children's needs, and the extent to which children could engage and benefit from it varied considerably. In addition, it was typically provided online, and some families had difficulties in accessing online support.

Parents' experiences of receiving support to help their children's learning at home varied. Some felt well supported by their setting with a range of home learning activities and regular contact:

'....She [childminder] would go on like a Facebook live and she would do a story time for the children and they often did like interactive hello time, so the children ... would see each other on camera ... Then she would post different activity ideas and what the activity is good for ... the interactive story time and things like that were helpful because it was something he [son] could definitely get involved in ... and some of the activities were also really helpful...' Mother in couple, not working, two children aged one and four

'...they've got this online portal Tapestry... basically encouraged her [daughter] to do activities and send photos in... They were given activities to do like plant a flower, ... and then asked us to take photos of [child's name] planting a flower ... and painting and drawing and letters, so they did keep us up to date and did give

us tasks to do with [child's name]. Then we would upload it on to Tapestry and they'd comment on it like, 'Oh, well done [child's name], that's brilliant', that sort of thing, ... that encouragement... when anyone commented, we would tell her what they'd said. She'd be really proud of herself.' Mother in couple, working, two children aged one and four

However, some parents felt that there had been little or no help for families to support young children's learning (in contrast with home learning support for older children):

'The nursery just sent an email to say that they were closing ... and that was it, really... there were no zoom sessions, no online activities nothing like that. Then, they sent another email to let us know that they were going to be opening. Yes, that was about it, really.' Mother in couple, working, two children aged one and three

'...for the children that missed out on childcare throughout COVID, maybe a local authority or whatever could have supported families at home...they only really put their focus on those that were in low-income families, or children with SEN needs, which I completely understand, and I think that that's appropriate. However, there were a lot of other children, especially the ones that were due to go off to school, that missed out on quite a lot and giving postal packs, or things like that to help the children with their development and making sure they didn't fall behind would have been helpful...' Lone mother, not working, two children aged three and five

As discussed earlier, supporting home learning was more challenging for parents with fewer resources. This is echoed by another study that measured the impact of a digital guide on play-based learning at home distributed by early education providers and local authorities in England. The study identified a range of factors impacting on the speed and scale of parents downloading and using this guide. This depended amongst other things on whether online platforms were already available for such an initiative, and what the authors called the 'professional drive' among LA officers and early years educators to help parents and their children in this way (Laxton et al., 2021, p. 1538). A key factor for low-income, ethnic minority and single parent families turned out to be the digital divide between them and better-off families. This not only refers to the presence of digital devices and internet access in their homes, but also to their foundational digital skills.

Similarly, another study on school age children and home learning reported that during the third lockdown, 19% of parents claimed not to have sufficient electronic devices to enable home learning and among this group 35% were among the lowest-income families (Montacute & Cullinane, 2021).

4.7.3. Early years services

Parents in our study reported that disruption in ECEC services was compounded by the disruption to other services, such as children's centres, stay-and-play sessions, health visitors:

[Child] turned two at Christmas but we've not had a two-year review on him yet. I've not had the team contact me to say they want to carry that out and I just feel like we've just been forgotten...' Mother in couple, working, two children aged two and five

'I used to go a playgroup every Tuesday morning, religiously. It was an absolute lifeline for a mum. You go there. You have a cup of tea. Your children play ... You speak to other mums. ... It was such a support network ... It has been closed for a over year... It has been heart-breaking ... it actually gets me quite emotional'

thinking about it. ... I don't know why they're not opening. ... They don't come under essential, but they are essential to people like me and my children.' Mother in couple, working, two children aged one and three

Our findings are supported by other research with early years service leaders and other practitioners, which explored pathways towards post-pandemic recovery of statutory services aimed at supporting vulnerable children and families below the threshold for statutory local authority support (Wilson & Waddell, 2020). Serious concerns were expressed regarding the large numbers of children who had missed out on such services during the first lockdown and the additional numbers that might need such support in future.

LA teams in our study were aware of the growing needs of local families, due to an increase in family conflict and breakdown, mental health issues among both parents and children, and the late identification of additional needs due to the disruption in early years services. At the time of the fieldwork early years services were gradually going back to normal. However, across all case study areas, LA teams believed that they would struggle to meet the needs of a growing number of families who asked for support as services had been severely cut back in the past decade.

Finally, parents with children with additional needs were very concerned about the quality of assessments carried out remotely as well as delays in assessments, which meant that some children did not get the support they needed in the setting. These concerns were shared by providers and LA teams who reported that a combination of an increase in referrals and a backlog of assessment requests meant very long delays.

4.8. Summary

Our findings show that while experiences varied, overall parenting without accessing ECEC proved very challenging, particularly as other sources of support, such as informal care and other early years services, were also not available. Parenting without ECEC was particularly challenging for: single parents; families with older children who needed help with home schooling and with SEND children who required additional support.

Mothers', who typically had main responsibility for childcare, were more affected than fathers by the disruption in ECEC arrangements, and reported that parenting without ECEC (and school closures) affected their mental health. The disruption in ECEC arrangements had a considerable impact on working parents, particularly mothers, who were forced to take leave, be furloughed for childcare reasons or reduce their working hours.

There was a consensus among parents and practitioners that the disruption in formal learning experiences had negatively affected children's wellbeing and development. There were worries about children's mental health and wellbeing, and children missing developmental milestones. There was considerable concern about the impact on disadvantaged children, as their ECEC experiences had been particularly disrupted or delayed. Lack of assessments also meant many children with additional needs did not receive adequate support.

Like other research, our findings are based on perceptions of the negative impact of disrupted ECEC experiences. However, a common observation among respondents was that the pandemic has highlighted the crucial importance of ECEC for children's development, for mothers' wellbeing and for schools, as children who had entered school since COVID started required considerably more support than pre-COVID cohorts.

Our findings indicate that LAs provided additional support with ECEC access during the first lockdown when many settings were closed. They also asked settings receiving public

funding to support home learning remotely when children were not attending. The quality of this support varied, and parents' experiences were mixed, nevertheless many settings responded quickly and creatively to support families. The evidence also highlights the crucial role that other early years services (e.g., children's centres) play in supporting early learning and development, and that the pandemic has increased needs for these services. However, across all case study areas, LAs were struggling to meet growing needs as services had been severely cut back in the past decade.

Parents identified two key gaps in the support given to families with young children during the pandemic. First, they thought that families should have been better supported to deal with settings' requests for payments when they could use the service, for example, during the first lockdown, subsequent temporary closures and when a child had to self-isolate. Second, some parents were disappointed that when restrictions were eased children in ECEC settings were not given the opportunity to catch up on the funded hours they had missed, particularly if children were due to start school.

5. How ECEC provision changed during COVID

This chapter describes the ways in which ECEC provision changed during the height of the pandemic (up to autumn 2021) and covers:

- Provider decisions about opening and closing at different times during the pandemic drawing on national data, the LA survey and case studies.
- How settings operated and how this changed the learning environment for children using the LA survey and case studies.
- The support provided by LAs described in the case studies and LA survey.
- Financial implications of the changes in ECEC take-up highlighted in the case studies.
- Analysis of national data to show changes in provider numbers and places.

5.1. Introduction

This chapter looks at how ECEC provision changed during COVID. The chapter covers ECEC providers' decisions about remaining open or closing at different times during the pandemic and the factors influencing this. It then looks at changes in how settings operated and the learning environments they provided, and reviews the support provided by LAs to providers and its perceived effectiveness. Finally, it considers the implications of these changes to provision and the changes in the use of ECEC described in chapter three for providers' financial positions and the number of settings in operation. The chapter draws together evidence from the LA survey, secondary analysis on national data, case studies and literature review. The next chapter (six) then brings a different perspective to understanding changes in provision, drawing on data from the SCEYP to describe how provision looked in spring-summer 2021, one year after the start of the pandemic.

5.2. Decisions about remaining open or closing at different times during the pandemic

5.2.1. Changes in the availability of ECEC provision during the pandemic

As outlined in chapter three, during the first lockdown (March to May 2020), ECEC settings were encouraged to remain open for vulnerable children and the children of key workers. However, data collected from LAs by the DfE to monitor setting openings suggests that the majority were closed and fewer than half remained open during this period.

From 1 June 2020, ECEC settings were encouraged to reopen to all children and the guidance remained similar (except where there are public health considerations), even when face-to-face schooling was restricted (January to March 2021). The proportion of settings that were closed fell rapidly during the latter half of the summer term of 2020, with a further step change seen after the summer holidays. Thereafter, the proportion of settings that were closed dropped to around 10% and has fallen a little further since then, to a low of around 5% of settings being closed in December 2021 (when the data series finishes), with no obvious uptick in the closure of ECEC settings when face-to-face schooling was halted for most in early 2021.

Looking at variation in the proportion of settings open across different LAs in different periods using the data collated by DfE shows that, during the first lockdown, settings were more likely to remain open in areas that:

- Were *more* deprived and had less educated adult populations.
- Had higher unemployment rates and a lower share of individuals who ever worked at home prior to the pandemic.
- Had lower population densities and smaller ethnic minority populations.

This suggests that settings may have been more likely to stay open in areas in which need and expected attendance were perceived to be greatest. When exploring the relationships between the proportion of settings open in an area and LA support, there is evidence that, during the first lockdown, settings were more likely to stay open in LAs that provided a larger number of different types of support and where that support was perceived to be more effective, although this was not the case later on in the pandemic. Beyond the first lockdown, only population density and the share of ethnic minorities in an area continue to predict which areas experienced different setting opening rates, with densely populated

areas and those with large ethnic minority populations continuing to be more likely to experience setting closures than other areas.

The DfE data does not enable breakdowns by provider type and the LA survey provided very mixed reports on which provider types experienced the greatest reductions in provision. One clear trend was that many LAs reported that the availability of out-of-school (wrap-around) provision – not covered by the DfE data – had decreased substantially.

5.2.2. Factors influencing providers' decisions about opening

The decisions described by providers interviewed for the case studies about whether and when to open also highlight perceived need and expected take-up. Their decisions were shaped by a number of factors:

- Expectations about the needs of and take-up by local families, particularly vulnerable families and those working in key worker roles.
- Assessment of the financial viability of either staying open or closing: these were complex assessments weighing up the costs of opening (including with capacity that might not be fully used), likely fee income, risk of losing families to other providers that did open, extent of cover provided by early years entitlement funding, furlough and other income sources, and the additional COVID-related costs of opening.
- Staffing considerations: several childminders closed because they had to care for their own children while schools were closed or because of concerns about bringing COVID into the home. Reduced staff availability because of shielding, looking after their own children or health and safety concerns also influenced the decisions of group providers.
- Other operational considerations: some providers reduced their operating hours in efforts to manage “bubbles” ²² and reduce mixing, or because of the additional time or costs required for cleaning. For one community provider, the landlord would not allow use of the rented premises.

For some providers (including some for-profit providers as well as not-for-profits) considerations of the needs of local families overrode perceptions of financial viability, although some subsequently reflected in the research interviews that they would have benefited financially had they closed. A representative of a for-profit chain said:

'We offered to all parents that we would open all our nurseries if there was sufficient interest. [In Nursery 1] we only had one or two parents that wanted to come, so there was no way that we could operate that ... We kept [Nursery 2 and 3] open for keyworkers and vulnerable children That worked quite well. It meant that we could still offer care for keyworker children, but it meant - to be fair, we lost money even though we kept them open ... because the number of children were very, very small. We felt that it was the right thing to do, to keep at least a couple of them open, even though we knew we would lose money on it'. Private day nursery chain

One LA described some settings coming together to coordinate provision at the height of the pandemic when attendance was low and it was not viable for individual settings to

²² Bubbles refer to the requirement to keep children and staff in consistent groups to minimise potential exposure to COVID, which remained a government requirement until August 2021.

open. Another LA described childminder networks pooling resources to provide continued care for children.

In addition to variation in whether settings were open or closed at different times during the pandemic, some case study providers described reducing opening hours for a variety of reasons: to restrict exposures; because of limited demand; because of staff shortages; or, to allow time for cleaning.

5.3. Changes in the delivery of ECEC provision

The way settings operated changed both as a direct result of COVID requirements (operating in bubbles, social distancing, limiting the number of visitors, mask wearing etc.) and a result of knock-on impacts of COVID (the fact that some staff had to shield and self-isolate). These issues are discussed below.

5.3.1. Responding to COVID requirements

Amongst providers that remained opened, the way in which they delivered care, especially during the early part of the pandemic, differed from pre-pandemic norms, with the need to operationalise bubbles, respond to local and national lockdowns and implement other health and safety procedures. In the LA survey, staff and child bubbles were widely viewed as the requirement having the greatest impact on how settings operated, but the requirements around cleaning, social distancing, PPE and lateral flow testing were also seen as having significant impacts on delivery.

Many LAs reported that there had been staff shortages and some staff-related closures of settings, although some areas reported that shortages had been managed without the need to close. These shortages were driven by a mix of factors, including staff illness or need for some staff to shield; positive COVID cases and self-isolation; and staff having health concerns about working. In addition, the need for staff to look after their own children (including periods when ECEC staff did not qualify for key worker status) and reduced use and availability of agency staff added to the staffing problems.

Coordinating these changes was extremely demanding particularly for setting managers. They described frequent disruptions as a result of staff sickness or isolating, bubbles 'bursting' (i.e., a COVID case within a bubble group forcing the whole bubble to self-isolate) and local lockdowns adding to demands, lost income and sometimes also the loss of families who moved to another provider.

'It was a logistical and admin nightmare It has caused immense pressure to the staff because if one of the staff goes down, in their bubble, they're working extra hours They're all on their knees I have an exhausted, depressed, anxiety ridden team.' Private day nursery

The Education Policy Institute and National Day Nurseries Association charted intermittent closures due to COVID cases in their survey of 344 small English, Welsh and Scottish providers between February and May 2021 and found that 37% of these settings had faced partial or full closure, in the majority of cases due to self-isolation demands on staff and children (EPI & NDNA, 2021).

5.3.2. Changes to children's experiences of ECEC provision

Providers interviewed for the case studies described responses to COVID requirements that would have impacted on children's experiences in the setting, sometimes in ways that are likely to have been positive. Children were brought together in smaller groups and there was more outdoor activity. Respondents to the LA survey similarly felt that the

bubbles, lower ratios, and small numbers (particularly in the first lockdown) had been beneficial for children, and that provision might have improved through more outdoor play, more staff attention, and more focused play.

[We did] a lot of natural outdoor play using the forest schools, outdoor and woodland learning activities' Not-for-profit community nursery

On the other hand, providers felt that there was less consistency in their relationships with key workers and other children, less free-flow activity, less inclusion of visitors (e.g., volunteers or specialist providers), little or no use of other services (such as libraries and play areas), and some play resources (including hard surfaces, sand and water) were no longer available.

Similar views were expressed in the LA survey, with concerns that the educational focus of provision had been diminished due to extra work "keeping children safe", fewer staff, less staff training, and a lack of access for specialist staff and services. The removal of some physical resources (toys and play equipment) was seen as having been detrimental to the child's experience, while the lack of physical contact between staff and children (particularly for younger children) and social distancing was seen as having impacted on play and communication. A few LAs also highlighted how face masks may have had negative impacts on speech and language development.

LA representatives generally felt children adapted well to the new environment and that settings had worked hard and been creative in ensuring that children continued to have positive learning experiences. Indeed, some respondents to the survey praised providers' commitment and adaptability to maintain the quality of the child's experience.

A transnational research project by Pascal & Bertram (2021) reports on how practitioners in England, Scotland and New Zealand explored young children's own perspectives on their COVID experiences after their return to their setting using "...Froebelian storytelling techniques and rigorous documentation analysis of children's narratives." (Pascal & Bertram, 2021, p. 21). Children were positive about a normalisation of their daily lives and routines, and extended play opportunities with friends and outdoors (Pascal & Bertram, 2021, p. 32).

5.3.3. Communication and engagement with parents

ECEC providers interviewed in the case studies followed government and local guidance in substantially limiting the extent to which parents could be in settings. They replaced introductory visits for potential new families with outdoor visits, written information, videos or photographs of the setting, or very brief sight of indoor premises and activities. Parents were allowed only very brief periods of time inside (or outside only) to help their child settle. Although they recognised that this was not what parents would have chosen, providers generally felt that children had settled well, and some were intending to continue this approach. There was a similar view among respondents in the LA survey: while one or two noted that settling into provision had been harder for children when parents were not permitted into the setting, others felt that this had sometimes been easier when parents were not in attendance for extended periods. Parents were less happy with these arrangements.

There was also much less opportunity to interact with parents when children were brought to the setting or collected, with staggered timings to reduce exposure and discussions happening outside.

'We were stopped from going into the room to collect the children. You had to wait outside and your child would be brought to you ... [The practitioners]

always explained how they wish it could be different, and we still got a handover, should we say, of the children's day, but it wasn't as personal.'
Mother in a couple, working, three children aged five, four, two and under one

To compensate, the ECEC providers interviewed increased their virtual communication with parents. Many reported new or increased use of What's App and Facebook, or online platforms for sharing information about and images of children's activity (such as Tapestry, Class Dojo and Baby Day). Providers and parents were positive about these approaches. Although parents missed having the interaction with setting staff, they also valued the attention to reducing infections. Many providers were planning to continue them.

'We get all the Tapestry notifications, which has been lovely to see what they've been doing, it gives you photos and videos, there's a real thorough write-up reporting on what they got up to that day Then on the WhatsApp ... things like photos of the chicks that had hatched ... and showing us photos of the new theme ... Then there was a nativity play, a Christmas nativity, and they sent a video of that They've been brilliant as far as communication's concerned.'
Mother in a couple, working, three children aged two, eight and 11

'I think it's brilliant ... I love looking at his photos at night. Once I've put him to bed, that's my highlight of my night looking through his photos of what he's been doing.' Lone father, working, three children aged two, 12 and 14

While these approaches will be less suitable for families with limited IT capacity, none of the providers or parents interviewed highlighted this as a problem.

5.3.4. Support for transitions to school

Providers, LAs and parents interviewed in the case studies were more concerned about how the preparation for children to move to reception classes had had to be curtailed. Instead of direct work with children and parents, visits to schools and visits by school staff to early years settings, they had had to rely on online discussions, sharing pictures and video of schools and similar resources. Communication with schools about children with additional needs had also been more limited. Although some parents had had more support, several expressed their concerns about this and felt their child was not prepared for school and had been unhappy and unsettled for some time.

LAs were similarly concerned that children had started school without sufficient preparation, and some commented that information sharing about children with special educational needs or with Education Health and Care Plans had been limited. (Our study did not include exploration of ways in which schools adapted to better support children, and looked at school readiness from the perspective of children's readiness for schools but not schools' readiness for children.)

These concerns are echoed in research (Tracey et al., 2022) based on surveys involving 94 schools and over 1100 families and Early Years Foundation Stage Profile (EYFSP) data, which highlighted widespread perceptions among parents and schools that children's development had been delayed by the pandemic. Three-quarters (76%) of schools reported that children had needed adjusted support compared with pre-pandemic cohorts, and half (56%) that they still needed adjusted support at the end of the school year. Most parents (80%) felt children had settled in well. However, EYFS attainment levels were below what could have been expected based on the 2018/19 pre-pandemic cohort.

The transition from Reception to Key Stage 1 (KS1) was also the focus of an autumn 2020 study that aimed to gauge teachers' perspectives on the school readiness of children who had transitioned to KS1 in the autumn of 2020 (Nicholls et al., 2020). Their survey of 528

early years and primary teachers found that professionals assessed on average 43% of children as not ready for KS1, attributed in part to reduced ECEC attendance.

5.4. Taking on additional roles

5.4.1. Welfare support and safeguarding roles

ECEC providers interviewed for the case studies were alert to the additional pressures that families faced as a result of the pandemic, particularly where disadvantaged families were a significant part of their community. LAs had used funding arrangements to set expectations that providers would support family welfare, as well as home learning, attendance and support for children with special education needs and disabilities. This meant that some providers took on new or expanded welfare support roles. For example, one setting set up a food bank and a clothes bank, and others provided food for families they knew were struggling, sometimes linking this with the fact that they were continuing to receive funding for the early education entitlements.

Providers also played an important role in local systems to keep in touch with vulnerable families. All the LAs in the case studies had asked settings to keep in touch with the families of vulnerable children who were not attending and to report any concerns. These arrangements had not previously involved ECEC settings systematically or on the same scale. Providers were in regular (sometimes as much as daily) contact with vulnerable families and shared information with other services. This was generally a new role, and LAs commented that it brought ECEC providers closer to the expectations of schools' involvement in safeguarding, whereas pre-COVID there would have been lower expectations of early years settings.

Providers and LA representatives commented on the value of the involvement of early years settings in local coordination and safeguarding, although recognised that it would not have reached vulnerable children who had never used a setting.

'We're sort of therapists, speech and language, health visitors, foodbanks - so much for everyone. It's sort of changed. We're not just teaching the children. We're doing welfare checks on families and supporting families out in the community.' Not-for-profit nursery

5.4.2. Support for home learning activities

Almost all the ECEC providers interviewed for the case studies described new activity to support parents to engage with children's learning and development at home. LAs requested settings to provide home learning support for publicly funded children who were not attending. The type of support, and the emphasis placed on this, varied, but included, for example, emails and other communication suggesting particularly games or activities; links to websites with play or learning resources; distributing activity packs, stationery and craft resources; online storytelling; online sessions or workshops for parents, and, for one setting, making tablets available to families through the local library. Some providers reached out specifically to vulnerable families with this support, or tailored it for individual families, but others made it available to all. In 2020, a Sutton Trust briefing similarly highlighted the work done by maintained nursery schools and nursery classes in reaching out to disadvantaged children in their homes during the first lockdown (Cullinane & Montacute, 2020).

These were primarily seen as ways of reaching children who were not able to attend the setting, and it was not clear that providers were intending to sustain it as families returned. As discussed in chapter four, parents' experiences of receiving home learning support varied, and LAs described the quality and quantity of support for home learning as

very varied. They were particularly concerned that it was not suitable for children with special needs, or for families with limited IT capacity. However, it is an interesting indication of changes that could be leveraged with a redefined LA role in ECEC systems.

5.5. Local authority support for ECEC providers

At the start of the pandemic, LA teams had to step in to ensure that key workers and vulnerable children could access ECEC services despite lockdown, and to support settings once providers were allowed to open to all children from June 2020. As noted in chapter two, LA teams with responsibility for ECEC provision had been significantly reduced over the previous decade, and providing the additional support during the pandemic involved working additional hours, as well as drawing on support from other teams including public health and business support.

Although, as we note below, there were mixed views about the sufficiency of support given by LAs, providers often contrasted it positively with the regard for ECEC that they felt had been shown by central government. Similarly, provider surveys by ECEC sector organisations the Early Years Alliance expressed great dissatisfaction with central government help for ECEC providers during the first lockdown, particularly compared to how schools were being supported (Early Years Alliance, 2020).

5.5.1. Provider networks and collaborative working

Several case study LAs set up regular network meetings for providers, either building on existing meetings or establishing something new. These were generally seen as useful by providers, particularly in two LAs which appeared to have expended particular energy and priority, taking a highly collaborative approach, listening and consulting, and bringing senior council personnel into meetings.

'I felt that the meetings that we've had through COVID have been very successful. They've heard what we've struggled with and they've reacted to it ... We felt heard, which you don't often feel with the council. ... we felt supported and we felt heard, which was important to us during that time [Previously the council] seemed to have different groups for different things, and you never know which group you should be on. [The meetings held during COVID] just felt a lot more collective, a lot more consolidated, you felt as though you got an immediate response.' Private day nursery

'The local authority were fantastic, they really listened, and it was their initiative to set up the COVID task group.' Private day nursery

5.5.2. Health and safety

LA representatives in the survey and the case studies described extensive work, including:

- Regular updates to share and interpret government guidance, being available for specific advice and information needs. Approaches included: offering and signposting to guidance; virtual network meetings and webinars to give advice and answer questions; and, making specific staff available to assist providers with regular visits or one-to-one meetings.
- Supporting risk assessments (including offering assessment templates) and safety audits, supporting responses when there was an outbreak of COVID at a setting.

- Providing or offering PPE at discounted cost through bulk-buying: this was challenging for some LAs, but some teams lobbied for access to PPE for providers, one provided safety packs of equipment to settings as they opened.
- Financial assistance or free access to cleaning materials.
- Help with lateral flow testing or vaccinations.

Case study providers valued the advice given and the accessibility of LA teams.

'I was always confident there was somebody at the end of a phone call if I needed them.' Private day nursery chain

They recognised that it was challenging work for LAs given changing and unclear government advice. However, some settings felt that LA advice had not been sufficiently clear and had not provided the actionable guidance they needed.

5.5.3. Quality and support for vulnerable children

There was variation in the amount and type of help to support quality of provision and for vulnerable children provided by case study LAs. The most active LAs were in very regular contact with settings to: discuss the needs of vulnerable children, or children more generally; provide settings with resources to support home learning; provide resources and training on key practice areas particularly speech and language and social development; develop a risk assessment framework to identify children who were falling behind; and, broker access to external support and provided extensive support for children with SEN. Others described much less support. Some LAs offered free or discounted training subscriptions, but others continued to charge, or substantially reduced the training available.

Providers in the case studies that received more LA help, particularly regular contact and support for individual children, welcomed it, but several noted the absence of support, particularly in one case study area.

A high proportion of LAs in the survey also reported that the LA had provided additional help to support the quality of provision in response to the pandemic, and many of those which reported providing no additional support stated that the reason was because they were always supportive of quality. The most common help mentioned in the survey were training through virtual platforms, virtual meetings and events, and one-to-one online contact, but other common actions included using quality advisers and lead teachers to enhance quality support and the posting of materials or provision of other books, resources, or information to support quality.

5.5.4. Support for staffing

Just over half of LAs in the LA survey reported that they had provided support to settings to help meet staffing challenges arising from the pandemic. Several LAs reported that such support had not been needed and they had not received any requests for help from providers, while a few LAs reported that contingency plans had been made to support staffing but had not been used. A few LAs mentioned that staffing issues were not a matter for the LA because provision was privately run, and the LA therefore had no influence on staffing. A few others noted that settings or schools had developed their own hubs for resolving staffing issues. Finally, several LAs noted that there had been barriers, including safeguarding procedures such as police checks, to staff sharing or reallocating staff across settings.

The support for staffing included four areas:

- Guidance on staffing, often with regards to the furlough scheme and on safe staff recruitment.
- Support for staff well-being and stress management.
- Support to reallocate staff across settings.
- Offers of LA staff to help in settings (but rarely used).

Apart from information about furlough and health and safety, there were few references to support for staffing issues among case study providers and LAs, although two LAs were starting to plan supporting providers with staff recruitment.

5.5.5. Financial support

5.5.5.1 Direct financial support

In July 2020, DfE guidance asked LAs to continue funding providers as if the pandemic had not happened²³, with the LA autumn term funding being based on the January 2020 early years census count. All LAs in the case studies appeared to have followed government guidance in continuing to fund publicly funded places based on previous rather than actual attendance to December 2020, and some extended the time period. A few LAs in the survey reported that they had paid free entitlement funding on the basis of actual attendance for all or some of the March to December period.

Both case study LAs and respondents in the LA survey described other forms of financial support for settings:

- Providing discretionary grants or retainers, or in one case study LA a grant to all providers. A high proportion of LAs in the survey reported that they had allocated local funds to directly support settings financially. This included discretionary sustainability grants, top ups to the free entitlement funding, and COVID recovery or business scheme grants.
- Extending funding for children with SEN, continuing to fund places when children did not attend so that the support was in place for their return.
- Extending existing local funding for children with higher needs not eligible for the early entitlements or needing top up hours.
- Where a setting was closed and a child moved to a new setting, LAs paid both settings (double funding) so that neither setting was penalised.

These financial support interventions were highly valued by providers who often described them as crucial to their sustainability and recovery.

'If we hadn't got the grants, I don't think we would've been open.' Not-for-profit nursery

'[Continuing to fund publicly funded places] was huge for us because that would have been catastrophic for us if they hadn't done that.' Not-for-profit

²³ Summer 2020 term would have been funded on the basis of January 2020 attendance rates.

5.5.5.2 Business support

Case study LAs also described providing business support to settings to help them access central government support, and to revise business models in the light of much reduced demand. Rarer was access to business sustainability toolkits and linking with local community and voluntary sector support or enterprise hubs to broker additional support. Respondents to the LA survey indicated a variety of approaches in the delivery of support including: support from early years advisers (although some did not have any specialist business experience); through network meetings, webinars, or bulletins; support from generic (covering all sectors) LA business advisers and support; and, external support organisations, including Hampsalls.

Few of the case study providers described receiving business support, although it is clear that they struggled with logistics, accessing financial support and financial planning, suggesting more help had been needed.

5.5.6. Impacts of support on relationships

Several LA representatives and providers felt that the work they had done together since the start of the pandemic had built much closer relationships between providers and LA early years teams, raised the profile of the ECEC sector in the council, and built new relationships for both early years teams and providers with public health teams and other departments such as education. A few LAs in the survey mentioned a bridging of the gap in the treatment of and attitude to school provision versus provision in the voluntary and private sector.

One LA representative described a shift in the nature of the relationship from a transactional one to a genuine partnership, and this was reflected more widely in comments by provider and LA representatives.

'I think this is the trigger for a lot of projects I'm thinking vaccination uptake We could do so much work now with [Early Year team] on MMR jabs Now I understand the PVI sector a little bit better we can design resources that are better and will land better in those places So I think there's huge scope, actually, going forward, for Early Years and public health to work together better.' Childminder agency

'Two years ago our interaction with [providers] was much more transactional. It was much more about we pay them the funding entitlement and [the Early Years] team supported them with inspection if they had a poor Ofsted. The day-to-day asking queries and questions and being a critical friend to each other is definitely a new relationship.' Local authority representative

Providers' experiences were more mixed. While some were positive about the increased role of their LA team since the start of the pandemic, and saw LA-provider relationships as having been very important and more strategic and collaborative than pre-pandemic, others were very critical and felt that LA support had been inadequate. Both responses indicate that there is potentially scope for an expanded LA role in support of ECEC providers going forward.

5.6. Financial implications of COVID

Despite the support, including financial support, provided by LAs, evidence from the case studies suggested that the cumulative financial implications of COVID for ECEC providers were very significant, and there were clear and recurrent indications of providers being under financial strain as a result of COVID. These stemmed from multiple causes and

affected all types of ECEC provision including not-for-profit, private-for-profit, LA-run settings and childminders.

5.6.1. Increased costs

At the height of the pandemic, when the strictest COVID restrictions were in place, providers faced increased costs in a number of areas.

Salary costs were increased as a result of smaller child groups, bubbles, covering for staff absences, meeting the additional support needs of children and additional administrative, preparation and cleaning requirements. One private nursery, for example, said their wage bill had gone up by £25,000 per month.

They also faced additional costs relating to learning and play resources and equipment, replacing resources that were higher risk for COVID transmission or providing additional resources to reduce sharing and allow for smaller groups and bubbles. Some (particularly childminders) made improvements to premises to provide weather-proofed outside areas. Other non-staff operating costs also increased, including cleaning materials, PPE, marketing, and additional recruitment costs (see below).

'Food, resources, products, gloves, aprons, everything has increased so dramatically that I will have to put my prices up.' Childminder

'My staff have had to clean and deep clean the building, so that's extra wages. It just mounts up and mounts up. It's been terrible, really, it's eaten into any profits we've made, it's been massive outlays.' Not for profit nursery

In addition, while settings were closed or staff not required to work, the central government furlough and self-employment income support scheme (SEISS) provided crucial support to help cover staff costs when income was reduced due to closures (see Appendix B). But many providers still had to pay some of the staff cost to support staff whose income was only partially, or not at all, covered. This arose for example for self-employed workers (mainly childminders but an arrangement also used by some other settings) relatively new to self-employment or whose previous earnings were at lower levels; where providers topped up furlough to compensate salaried staff fully, or where providers or staff did not qualify for SEISS or furlough for other reasons.

'Neither of those employees were entitled to furlough and I had a moral dilemma of what do you do, so I used nursery reserve funds to pay them 80% anyway, because I knew that we'd need them afterwards.' Private day nursery

5.6.2. Reduced income

The impact of these higher costs, at least some of which were temporary or one-off investments, was exacerbated by reduced income. When settings were closed or accepting only vulnerable children and the children of key workers, publicly funded fee income was protected through the continued payment of the early years entitlements, but there was no direct protection for loss of parent-paid fees. Only some providers charged a retention or part fee when the setting was closed, or a child did not attend.

When settings reopened fully, all the case study providers had continued to experience reduced fee income as a result of lower take-up - registered families not returning or reducing their hours, and fewer new families joining in September 2020 and later. This affected both public and private fee income.

'We've had a depletion of more than 50% of our occupancy and we're only now in a position to try and start to retain and recruit more families to come to the setting.' Not for profit nursery

The case study providers described having postponed fee rises during the height of the pandemic, because of concerns about how this would impact on levels of take-up or on family wellbeing. However, the SCEYP evidence reported in chapter six suggests that many providers had increased their fees by spring 2021. Finally, settings that supplemented fee income with fundraising were not able to do this during lockdown.

Our findings about reduced income and increased costs are echoed by Hardy et al. (2022), who also identified increased costs arising from salary and operational demands, and reduced income in the light of lower attendance. Similarly wave 4 of the DfE's survey of early years providers and COVID found that around half of group-based providers and childminders had experienced both noticeable increased costs and a noticeable decreased income compared to before the pandemic (Davies et al., 2022).

5.6.3. Cumulative impact on financial positions

As a result of the cumulative impact of these changes, all the providers interviewed in the case studies in spring-autumn 2021 – even those who had seen take-up return to pre-pandemic levels – described being in a worse financial situation because of COVID, sometimes very dramatically so. They had used reserves, depleted personal savings, or taken on debt which now needed to be serviced and repaid, in order to manage this. Some had had to postpone retirement plans, others had postponed expansion plans.

The scale of loss varied, but, for example, a private nursery chain said they had lost £500,000 of income (although this was partly covered by the grants received); a not-for-profit nursery had lost £55,000; a maintained nursery school had lost £30,000 in private fee income; and, a childminder had entirely depleted her savings and said it would take five years to recover her financial position.

Overall, these conditions placed those whose finances were already fragile in a vulnerable financial situation going forward. These findings are echoed by other research. One study found that 40% of nurseries in their survey had used reserves and 16% had taken on debt during the first period of the pandemic (Hardy et al., 2022). The DfE survey of early years providers found that half of childminders (49%) had been forced to use personal savings and a third of group-based providers (34%) had used business contingency reserves since the start of the pandemic (Davies et al., 2022, p. 9).

A 2020 study that analysed data from SCEYP for 2018, estimated that the pandemic may have exacerbated existing financial problems within the sector during the first lockdown. Whereas pre-pandemic 11% of private providers were operating a significant deficit, they estimated that this might have gone up to almost a quarter of private providers during the first lockdown in the worst-case scenario where all parental fee income ceased (Blanden et al., 2020, p. 8).

5.7. The size and shape of the ECEC market

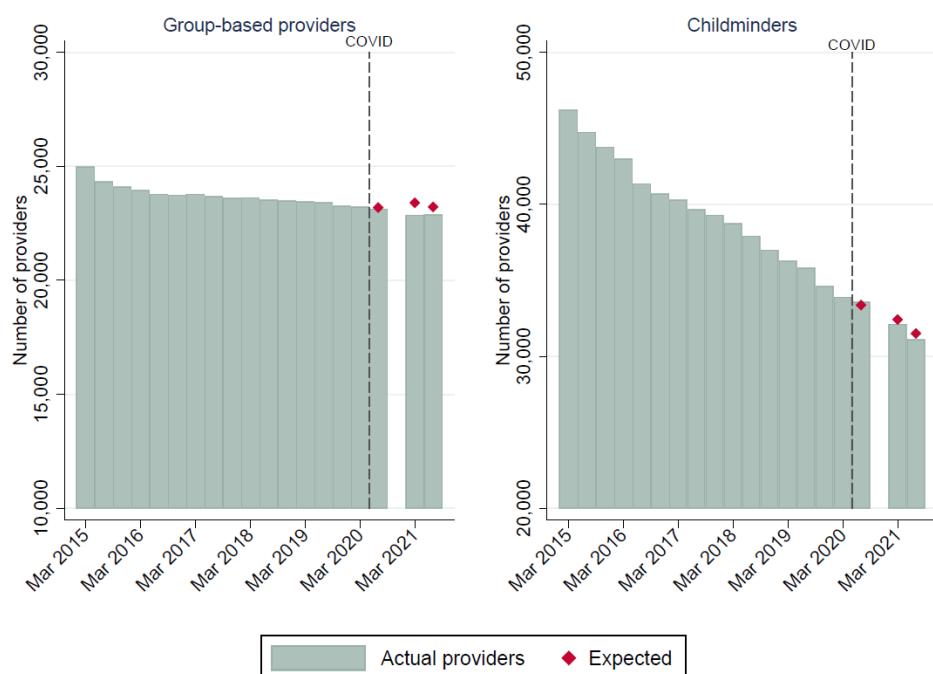
The evidence presented so far in this chapter suggests that the cumulative financial position of at least some providers was significantly detrimentally affected by COVID. This raises the question of whether the pandemic meant that some providers ceased operation and whether new or existing providers were deterred from setting up new provision or taking over existing businesses – a practice which has become increasingly common in the childcare market in recent years. In other words, did the COVID pandemic cause the

number of providers to fall? And has this affected the number of ECEC places available, or the concentration of those places across providers?

5.7.1. Changes in provider numbers and places

Figures 5.1 and 5.2 plot time series of the numbers of providers and places, respectively, on Ofsted's early years register at the end of each term since the spring term of 2014-15 (labelled March 2015). Each does so separately: the left-hand panel shows providers on non-domestic premises (including private for profit and not-for profit group providers, but not school-based providers), while the right-hand panel shows childminders. The green bars in Figure 5.1 show the actual number of providers on the register at the end of each term. The three red dots relating to the summer term of 2019-20, the spring term of 2020-21 and the summer term of 2020-21²⁴, show, based on pre-pandemic trends, how many providers or places we might have expected to see on the early years register had the pandemic not occurred. Figure 5.2 follows a similar format.

Figure 5.1 Number of providers on the early years register

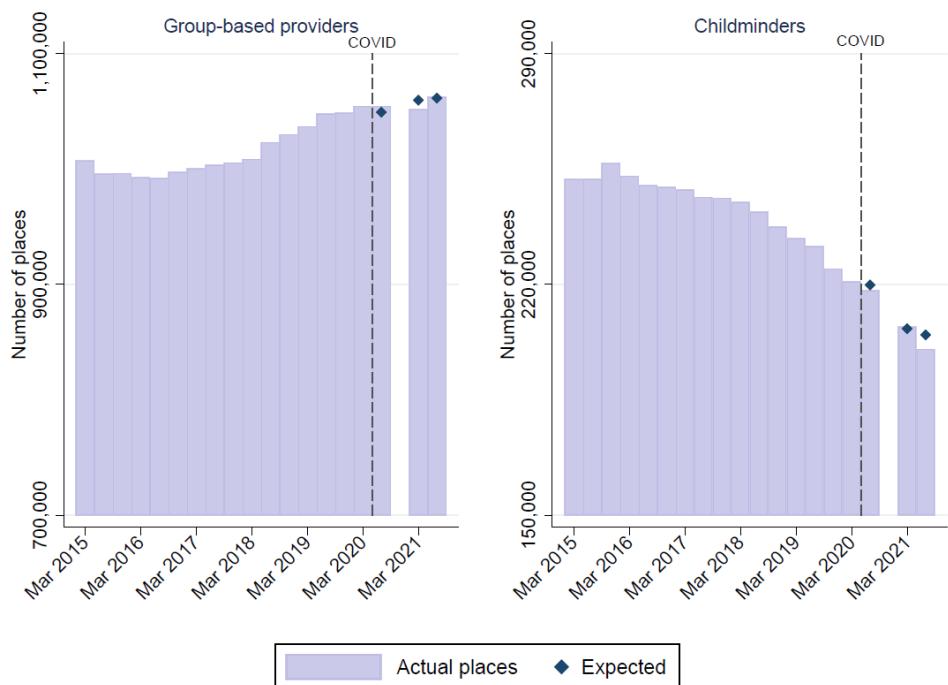


Sources: Ofsted early years register data, March 2015 to August 2021:
<https://www.gov.uk/government/collections/early-years-and-childcare-statistics>.

Notes: Expected provider numbers in August 2020, March 2021 and August 2021 predicted from a regression model estimating pre-pandemic time trends separately for each provider type.

²⁴ No data was published on the number of providers on the early years register as of 31 December 2020.

Figure 5.2 Approximate number of registered places



Sources: Ofsted early years register data, March 2015 to August 2021:
<https://www.gov.uk/government/collections/early-years-and-childcare-statistics>.

Notes: Expected numbers of registered places in August 2020, March 2021 and August 2021 predicted from a regression model estimating pre-pandemic time trends separately for each provider type.

Figure 5.1 shows that there has been a slow but steady decline in the number of ECEC providers on non-domestic premises on Ofsted's early years register since March 2015, and a much more rapid decline in the number of childminders. These trends have largely continued since the pandemic began, with a reduction of 343 providers on non-domestic premises (1.5%) and 2,791 childminders (8.2%) between March 2020 and August 2021. These trends are in line with what we might have expected in the absence of the pandemic: the red spots (our predictions based on prior trends) are very similar to the heights of the green bars (what actually happened). There has also been little change in the number of school-based providers offering the early education entitlements, which has remained very stable since 2018. This suggests that the pandemic has not led to a significant decline in the number of ECEC providers, over and above what we might have expected had the pandemic not occurred. Figure 5.2 shows a similar picture for ECEC places.

We found little evidence of systematic differences in terms of the characteristics of areas that fared better or worse than expected in terms of provider numbers or places. However, looking at absolute percentage changes in the numbers of ECEC providers and places between March 2020 and August 2021, more densely populated and ethnically diverse areas, especially London, seem to have experienced relatively smaller proportionate reductions in the numbers of providers and places. In other words, these places have experienced relatively less decline in the size of their ECEC markets than elsewhere. This was particularly true when considering patterns for childminders.

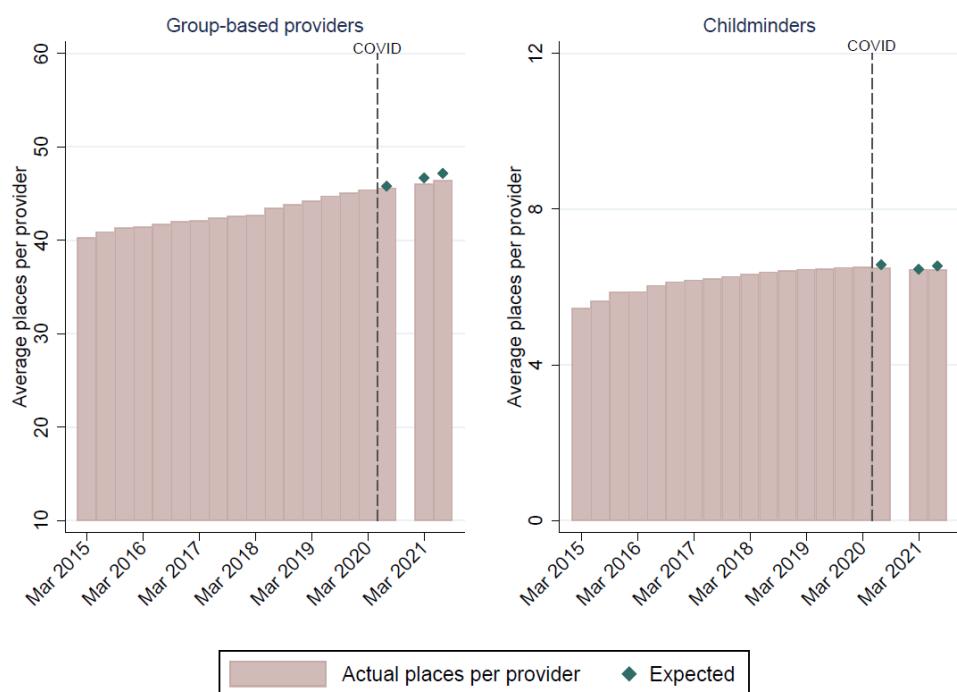
We also found little evidence that higher levels of support from LAs, or support that was perceived to be more effective, was strongly related to changes in provider numbers or places relative to expectation.

5.7.2. Consolidation in the ECEC market

Concerns have been expressed in recent years about the extent of consolidation in the childcare market: that is, the fact that a growing number of providers and places are being delivered by chains of nurseries owned and operated by the private for-profit sector (Simon et al., 2022). One potential consequence of this practice can be that it leads to a smaller number of providers each offering a larger number of places, which may make it more difficult for families to access provision in a location convenient for them.

To explore whether the pandemic may have accelerated or arrested the extent of consolidation in the market, we additionally analysed the number of places per provider. Figure 5.3 follows the format of Figures 5.1 and 5.2, plotting a time series of registered places per provider between March 2015 and August 2021, separately for group settings (on the left-hand side) and childminders (on the right-hand side).

Figure 5.3 Approximate number of registered places per provider



Sources: Ofsted early years register data, March 2015 to August 2021:
<https://www.gov.uk/government/collections/early-years-and-childcare-statistics>.

Notes: Expected numbers of registered places per provider in August 2020, March 2021 and August 2021 predicted from a regression model estimating pre-pandemic time trends separately for each provider type.

Consistent with an increasing number of registered places in group settings (Figure 5.2) but a smaller number of group-based providers (Figure 5.1), the left-hand panel of Figure 5.3 shows an increasing trend in the number of registered places per provider. This has continued roughly in line with expectation during the pandemic. A similar pattern is also evident for childminders.

We additionally considered which areas have seen larger increases in the number of registered places per provider during the pandemic – in other words, which areas have experienced greater consolidation of provision over this period. Our analysis suggests that this has occurred to a greater extent in relatively more affluent areas with lower unemployment rates, a higher share of the population able to work from home, higher average Foundation Stage Profile scores and a higher proportion of 0–4-year-olds attending early years settings during the pandemic. At least in aggregate, therefore, it does not appear to be a particular risk to access in more disadvantaged areas, although this does not rule out the possibility that it may still be problematic for some families at a hyper-local level. The number of places per provider is also, of course, only one dimension of the potential effects arising from greater consolidation of ECEC provision.

5.8. Summary

During the first national lockdown providers weighed up a complex set of factors when deciding whether to remain open or to close temporarily. Evidence from both the case studies and national data suggests they prioritised the needs of families in their local communities when making these decisions, sometimes to their own financial detriment, although some settings were guided more by their financial interests. They also had to adapt how they operated, in response to COVID guidelines and restrictions, and took on extended welfare, home learning support and safeguarding roles.

The evidence points to LAs playing a more prominent role in the ECEC system during COVID, with deepened and widened relationships between ECEC settings and LA teams in many areas. While the extent and type of support varied across LAs, it appeared particularly important during the first lockdown, when a higher proportion of settings remained open in areas that provided more or more effective support. Financial support was particularly important to providers, but providers' openness to support in other areas, and the significant change in relationships that were sometimes described, point to the potential for an extended LA role in ECEC provision. The evidence also highlights the crucial role that other support for parents (e.g., children's centres and other early years provision) plays in encouraging take-up of ECEC and in supporting children's development.

Providers suffered substantial falls in their income due to lower demand and some cost rises, with the COVID restrictions imposing both additional direct monetary costs as well as reducing efficiency. For some providers, the pandemic significantly worsened their cumulative financial positions, with many required to dip into savings or reserves or shelve plans to expand. However, the national data suggests that, at least up to August 2021, these worsening financial positions had not led to greater than expected reductions in the number of registered ECEC providers or places available, with falls in the number of childminders and group-based provision continuing pre-pandemic trends.

At the point of the LA survey in spring 2021 and the case study fieldwork (spring-summer 2021), LA representatives were generally aware of some closures (particularly childminders and after-school provision), and of settings facing challenges. In line with the national figures, however, they were not seeing accelerated declines in provision or sufficiency problems, although they were clear it was too early to conclude that the effects of the pandemic were over.

This chapter has explored the ways in which ECEC provision adapted to its new roles and requirements at the height of the pandemic and the knock-on implications for providers' cumulative financial positions and decision to stay in or exit the market. The next chapter explores the ways in which ECEC provision had changed how it operated a year into the pandemic and the ongoing implications for providers' income and costs.

6. Effects on ECEC provision one year on

This chapter considers the effects on ECEC provision one year into the pandemic. Using SCEYP data it compares key provision characteristics in spring-summer 2021 with those in spring-summer 2019, covering:

- Changes in delivery models: opening hours and fees; staff hours, qualifications and pay; and, scale of delivery.
- Changes in provider finances: unit income, unit cost and financial sustainability.
- How the scale of changes related to LA support during COVID.
- How these changes varied across more and less deprived areas.

6.1. Introduction

The previous chapter discussed the ways in which ECEC settings changed their operations during the pandemic and the immediate financial impacts of the pandemic for providers. This chapter uses data from the SCEYP to consider how provision looked one year after the start of the pandemic (in spring-summer 2021) and the potential longer-term, more permanent impacts of the pandemic on ECEC delivery. We also examine the associations between changes in delivery and the measures of LA COVID-related support captured in the LA survey. Because the evidence suggests that LA COVID-related support differed substantially across group-based providers, school-based providers and childminders (Paull & Jarvie, 2021), the analysis was conducted separately for each of these provider types.²⁵ However, it should be noted that these grouping contain further diversity in types of providers for whom the effects of the pandemic varied.²⁶

Comparisons are drawn with the pre-pandemic pictures in spring-summer 2018 and spring-summer 2019, but it should be kept mind that just two pre-pandemic years are not sufficient to robustly capture longer term trends. In addition, while the spring-summer 2021 snapshot took place after the end of COVID-specific regulations and funding arrangements affecting ECEC settings, it may not fully capture longer term effects of the pandemic on ECEC provision (such as permanently lower demand).²⁷

6.2. Changes to delivery models

6.2.1. Opening hours and fees

As discussed in chapter three, the pandemic reduced demand for both parent-paid provision (due to reduced parental work or increased working from home) and for free entitlement provision (due to health concerns as well as reduced need for work purposes). This section considers whether providers, in response to the reduced demand, had adjusted their opening hours (to improve occupancy rates) or hourly fees (either increased to raise income or reduced to encourage more demand) in spring-summer 2021. It should be noted that attendance was close to pre-pandemic levels by this time and the picture would have been very different in the initial months of the pandemic when attendance was very low (as shown in chapter three).

Average **weekly opening hours** changed little between 2019 and 2021 for group-based providers²⁸, but increased for school-based providers (by 0.8 hours²⁹) and fell for childminders (by 1.8 hours). As shown in Figure 6.1, the increase for school-based providers reflected an ongoing trend of rising opening hours, but the fall for childminders was substantially greater than in the pre-COVID year. This indicates that childminders have made notable changes to their opening hours, perhaps suggesting a more permanent

²⁵ Group based providers includes for-profit private group providers and voluntary group providers, while school-based providers included nursery classes in maintained and independent schools and maintained nursery schools (MNS).

²⁶ The differences between private for-profit providers and voluntary providers within group-based providers and the differences between nursery classes in maintained schools, maintained nursery schools (MNS) and nursery classes in independent schools within school-based providers are reported in footnotes in this chapter. However, it should be noted that the sample sizes for MNS and nursery classes in independent schools are very small and the numbers for these two groups have large margins of error.

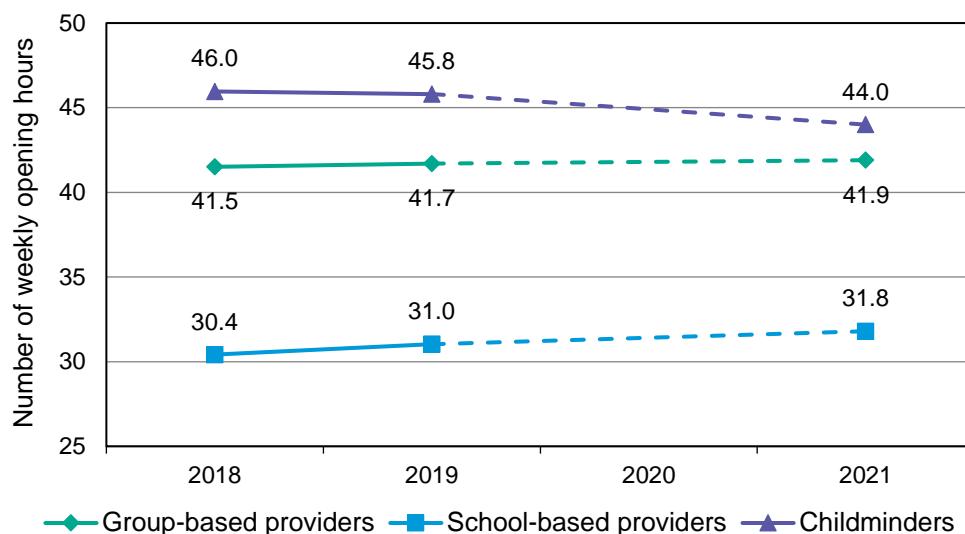
²⁷ Further details on the SCEYP data (including sample and subsample sizes) and full descriptions of the financial measures can be found in Cattoretti & Paull (2022), together with further analysis of the financial measures.

²⁸ Little overall change for group-based providers reflected a decline of 0.67 hours for private providers and an increase of 0.77 hours for voluntary providers.

²⁹ The overall increase of 0.8 hours reflected an increase of 0.9 hours for nursery classes in maintained schools, 0.5 hours for MNS and 1.4 hours for nursery classes in independent schools.

decline in demand from working parents and reflecting that a higher proportion of income comes from parent-paid fees for childminders than for other provider types.

Figure 6.1 Average number of weekly opening hours 2018 to 2021



Sources: SCEYP, 2018, 2019 and 2021.

Notes: The differences between 2018 and 2019 were statistically significant only for school-based providers. The differences between 2019 and 2021 were statistically significant for school-based providers and childminders, but not for group-based providers. The dashed lines indicates where trends may have differed during the Covid pandemic.

Data from wave 4 of the SCEYP COVID-19 survey (November to December 2021) suggests a similar picture, with the proportion of providers decreasing opening hours/days since the start of the pandemic greater than the proportions increasing them for group based providers and childminders, while the proportion increasing opening times was slightly higher than the proportion decreasing them for school based providers (Davies et al., 2022).³⁰ Overall, by the end of 2021, a higher proportion (35%) of childminders had changed their opening hours/days since the start of the pandemic than group based providers (22%) or school based providers (8%). The three earlier waves of the survey (July 2020, October 2020 and November to December 2021) showed how average opening times had risen through the pandemic, with the largest changes between July and October 2020 (Davies & Hunnink, 2021). Changes in the flexibility or choice of hours offered to parents followed a similar pattern³¹, with 42% of childminders reporting that they had changed the flexibility for parents compared to 32% for group-based providers and 13% for school-based providers (Davies et al., 2022).

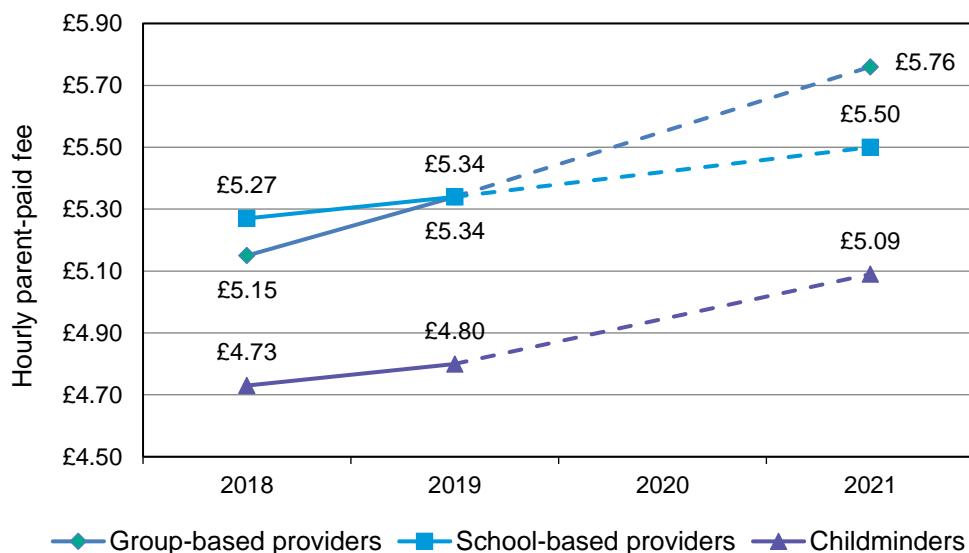
The average **hourly fee** charged by providers for parent-paid hours increased between 2019 and 2021 for all three provider types, but the change was greater for group-based

³⁰ While changes in demand from parents was reported as the primary reason for increasing opening hours, both changes in parent demand and complying with COVID-19 restrictions (such as cleaning requirements and bubbles) were the primary reasons for decreases in opening hours. Financial reasons were also important for increasing opening hours and, to a lesser, degree, for decreasing opening hours, while change in staff availability was only important for reducing opening hours for group-based providers.

³¹ The proportion increasing flexibility was higher than the proportion reducing flexibility for school-based providers and also slightly higher for group-based providers, but the proportion reducing flexibility was higher than the proportion increasing flexibility for childminders.

providers and childminders than for school-based providers.³² The percentage increases for group-based providers (8%³³) and childminders (6%) were above inflation³⁴, while the change for school-based providers (3%³⁵) was in line with inflation. As with opening hours, Figure 6.2 shows that the increase for childminders was notably greater than in the pre-COVID year, indicating that childminders had a greater need than other provider types to recover lost income (or cover increased costs) by raising parent-paid hourly fees. On the other hand, fee increases for group-based providers and school-based providers were in line with the proportionate rises seen in the pre-COVID year.

Figure 6.2 Average hourly parent-paid fee 2018 to 2021



Sources: SCEYP, 2018, 2019 and 2021.

Notes: The hourly parent-paid fee is that reported for three- and four-year-old preschool children. The differences between 2018 and 2019 and between 2019 and 2021 were statistically significant for group-based providers and childminders, but not for school-based providers. The dashed lines indicates where trends may have differed during the Covid pandemic.

In addition to asking about average fee rates, the SCEYP also asks whether providers have changed their fees in the 12 months prior to the survey. The proportion who had changed their fees in 2021 was lower than in 2019 but on a similar level to 2018 (Department for Education, 2021a).³⁶ Given that the change in the average fee between 2019 and 2021 was similar to that between 2018 and 2019 for group-based and school-based providers, this suggests that slightly fewer providers of these types increased their fees between 2019 and 2021 but those who did so increased their fees to a greater extent than in the pre-COVID year. In addition, in wave 3 of the SCEYP COVID-19 survey in November to December 2020, slightly higher proportions of providers reported that they decreased their fees *because of* the pandemic, rather than increased their fees *because of* the

³² The average hourly parent-paid fee is the average fee reported for three- and four-year-old preschool children, but the patterns are similar for all age groups. Evidence in Cattoretti et al (2019) showed that most providers charge the same hourly fees for all ages of children, which partly explains the consistency in patterns across fees for different age groups.

³³ The overall increase of 8% for group-based providers reflected an increase of 8% for private providers and an increase of 7% for voluntary providers.

³⁴ The changes were statistically significantly higher than the CPI inflation of 2.9% between May 2019 and May 2021.

³⁵ The overall increase of 3% reflected an increase of 7% for nursery classes in maintained schools, an increase of 12% for MNS and a decrease of 1% for nursery classes in independent schools.

³⁶ Proportions are for hourly parent-paid fees for three and four-year-old preschool children.

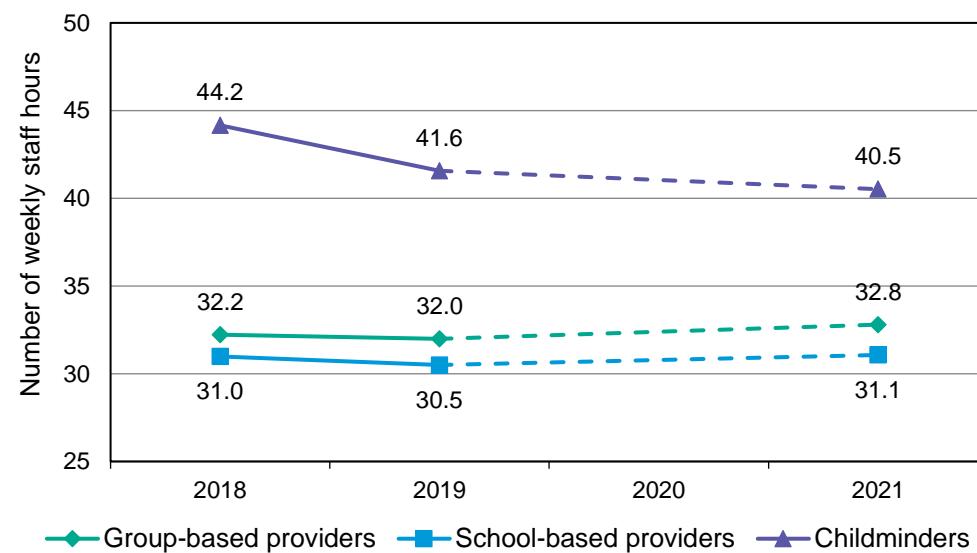
pandemic (Davies & Hunnkin, 2021). While fee changes *because* of the pandemic will differ from all changes made for pandemic-related and other reasons, this also indicates that the average increases in fees may reflect a concentration of substantial rises among some providers.

Overall, this indicates that changes have been greater for childminders with greater decreases in average opening hours and hourly parent-paid fees than in the pre-COVID year. In addition, it is notable that hourly parent-paid fees continued to rise at above-inflation rates for group-based providers, but there were no marked declines in opening hours. There was no evidence that LA support influenced changes in opening hours or parent-paid fees.

6.2.2. Staffing hours, qualifications and pay

The potential impacts of the pandemic on staffing are complex. This section considers whether average staff weekly hours increased (to cover pandemic-related illness or isolation or to make up for intensified staff shortages brought about by the additional challenges of working in the sector) or decreased because some settings reduced their opening hours, particularly childminders. It also examines whether average hourly pay increased or average staff qualifications fell to fill additional vacancies brought about by intensified staff shortages or whether average hourly pay fell because of increased costs due to COVID restrictions.

Figure 6.3 Average number of weekly staff hours 2018 to 2021



Sources: SCEYP, 2018, 2019 and 2021.

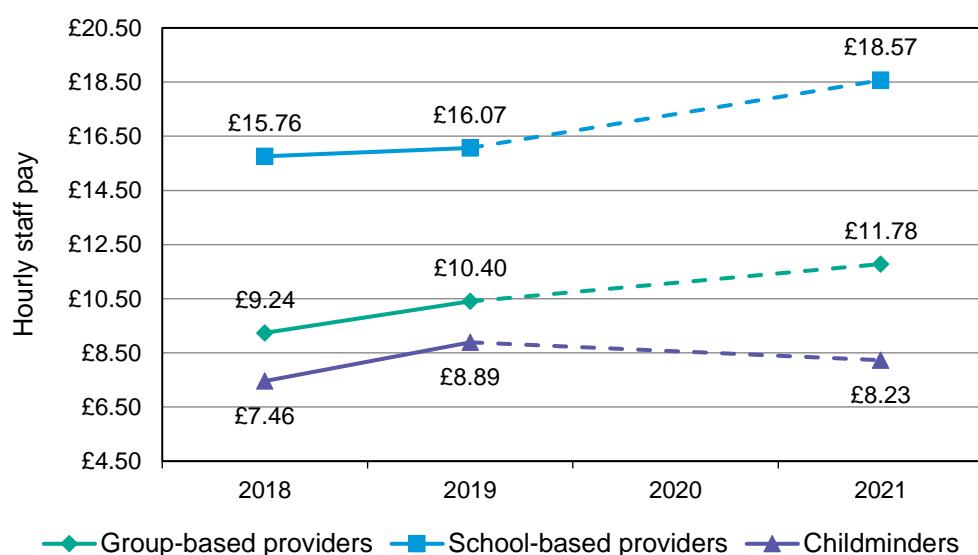
Notes: The differences between 2018 and 2019 were statistically significant only for school-based providers and childminders, but not group-based providers. The differences between 2019 and 2021 were statistically significant for group-based providers and school-based providers, but not for childminders. The dashed lines indicates where trends may have differed during the Covid pandemic.

Average **weekly staff hours** increased between 2019 and 2021 for group-based providers (by 0.8 hours³⁷) and school-based providers (by 0.6 hours³⁸) which was a marked change from the decreases in the pre-COVID year (Figure 6.3). This indicates that even in spring-summer 2021, there was an increased need for staff to cover absentee colleagues or unfilled vacancies. The decline in weekly work hours for childminders (although not statistically significant) was consistent with the reduction in average opening hours.

Substantial proportions of providers (35% of group-based providers and 29% of school-based providers) in wave 3 of the SCEYP COVID-19 survey in November to December 2020 also reported that the hours of permanent staff had been increased to cover staff absences (Davies & Hunnikin, 2021).

There was little change in **average staff qualifications** between 2019 and 2021 for all three provider types, continuing the pattern between 2018 and 2019. Using the same data, Haux et al. (2022) also reports that the proportion of staff holding a recognized early years qualification at least to level 3 and the proportion holding one at level 6 (degree level) did not change between 2018 and 2021. However, ongoing low levels of staff qualifications, particularly for group-based providers and childminders, in conjunction with Ofsted minimum qualification requirements would have left little opportunity for substantial reductions in average qualification levels. In addition, the proportion of providers who felt that their staff were less **experienced** than those who had been working at their setting prior to the pandemic was higher than the proportion who felt that their staff were more experienced (31% compared to 15% for group-based providers and 26% compared to 15% for school-based providers) in wave 4 of the SCEYP COVID-19 survey at the end of 2021 (Davies et al., 2022).

Figure 6.4 Average staff hourly pay 2018 to 2021



Sources: SCEYP, 2018, 2019 and 2021.

Notes: The differences between 2018 and 2019 were statistically significant for group-based providers and childminders, but not for school-based providers. The differences between 2019 and

³⁷ This increase was primarily driven by an increase of 1.0 hours for voluntary providers while average weekly staff hours increased by 0.3 hours for private providers.

³⁸ The overall increase of 0.6 hours reflected an increase of 0.5 hours for nursery classes in maintained schools, a decrease of 0.2 hours for MNS and an increase of 2.2 hours for nursery classes in independent schools.

2021 were statistically significant for group-based providers and school-based providers, but not for childminders. The dashed lines indicates where trends may have differed during the Covid pandemic.

Average **hourly pay** increased between 2019 and 2021 for staff in group-based providers (by £1.38³⁹) and in school-based providers (by £2.50⁴⁰), but there was no statistically significant change for childminders. The percentage increases for staff in group-based providers (13%) and in school-based providers (16%) were above average earnings growth (8%) across the same period. As shown in Figure 6.4, hourly pay grew at a slower rate for staff in group-based providers and childminders than in the pre-pandemic year, but increased more rapidly for staff in school-based providers. This suggests either that pressures to increase hourly pay were greater for school-based providers or that school-based providers were more able to increase pay levels than other provider types (or a combination of both).

Overall, the increases in weekly staff hours and growth in staff hourly pay above average earnings growth indicate the impacts of staff shortages for both group-based and school-based providers. For childminders, average weekly hours fell in line with average opening hours and hourly pay declined, although it should be noted that the measure of hourly pay for childminders includes the surplus that childminders withdraw from the business and is not directly comparable with the other provider types.

LA COVID-related support was associated with some of these changes for some types of providers between 2019 and 2021⁴¹:

- More active policy or a perception of more effective LA policy was associated with smaller increases in **weekly hours** for staff working in **group-based providers**. The average increase in weekly staff hours was 0.0 hours in LAs with high activity compared to 0.8 hours in LAs with low activity and was 0.3 hours in LAs with a high level of perceived effectiveness compared to 1.7 hours in LAs with a low level of perceived effectiveness.

In spite of the absence of any significant change overall, the average **staff qualification** level for group-based providers and childminders declined in LAs with high levels of support and increased in LAs with low and medium levels of support. The association between more active or effective LA policy and both smaller changes in staff weekly hours and decreases in staff qualifications suggests that the employment of less qualified staff meant that higher weekly staff hours may not have been needed in these areas (although not necessarily entirely driven by LA policy).

Other evidence on changes in **staff numbers and turnover** is mixed. Another study analysing the SCEYP data for 2019 and 2021 (Haux et al., 2022) found that the number of paid staff working in group-based providers and school-based providers was relatively stable between 2019 and 2021, but providers were less likely to be employing staff on temporary contracts or to be using unpaid volunteers in 2021 compared to 2019. This study also found that the rate of staff turnover had been broadly stable, suggesting that recruitment and retention challenges were long term rather than linked to the pandemic. On the other hand, 41% of school-based providers and 14% of group-based providers in wave 3 of the SCEYP COVID-19 study reported that they increased the use of agency or

³⁹ The change in average hourly pay was identical for private providers and voluntary providers, although the percentage increase was slightly higher for voluntary providers because they are paid slightly less.

⁴⁰ The overall increase of £2.50 reflected increases of £1.94 for nursery classes in maintained schools, £5.03 for MNS and £3.17 for nursery classes in independent schools. The percentage changes were 12%, 35% and 24% respectively.

⁴¹ See Box 1.1 in chapter one for a description of the measures of LA COVID-related support derived from the LA survey.

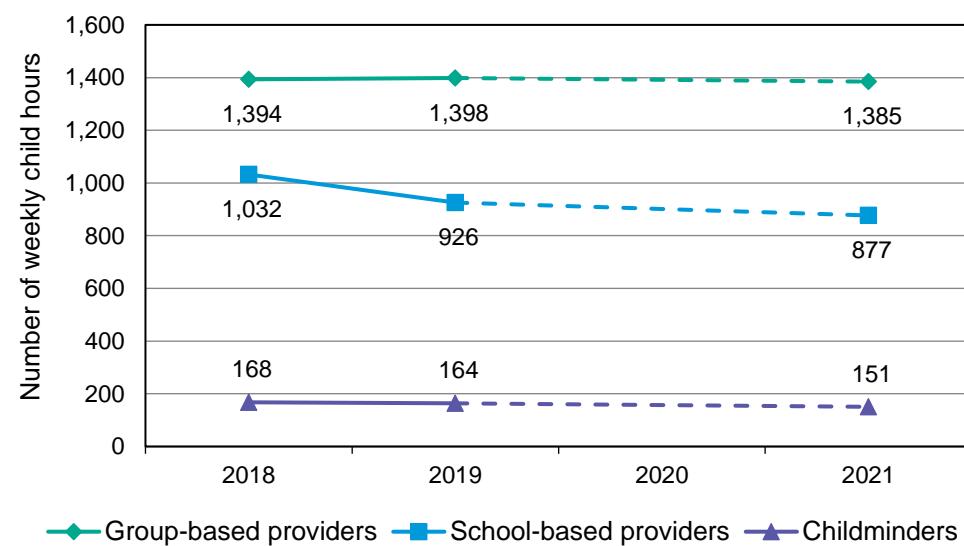
supply staff because of the pandemic (Davies & Hunnikin, 2021). A different study (Hardy et al., 2022) using bespoke survey data found that some nurseries (both group-based and school based) had adjusted their staffing arrangements to remain financially viable in response to the pandemic: by December 2020, 19% of managers reported they had changed staff contract conditions, while 14% had cut staff and 13% had not renewed temporary staff.

6.2.3. Scale of delivery and occupancy rates

This section considers whether the total number of child hours delivered by each setting (capturing both the number of children attending and the average weekly hours used by each child) decreased because of reductions in demand and opening hours.⁴² If providers reduced their delivery capacity in line with this, they effectively reduced the scale (size) of their provision. If they were unable to reduce capacity sufficiently, their delivery models would have been operating at lower levels of occupancy.

The average weekly **numbers of booked child hours** per setting changed little between 2019 and 2021 for group-based providers⁴³, but fell substantially for school-based providers (by 5%⁴⁴) and for childminders (by 8%). As shown in Figure 6.5, the annual rate of decrease for childminders was higher during COVID than in the pre-pandemic year (4% compared to 2%), consistent with lower demand from working parents and the decrease in opening hours for childminders.

Figure 6.5 Average number of weekly booked child hours per setting 2018 to 2021



Sources: SCEYP, 2018, 2019 and 2021.

Notes: The differences between 2018 and 2019 were statistically significant only for school-based providers. The differences between 2019 and 2021 were statistically significant for school-based

⁴² These are the figures which are combined with information on the total number of providers of each type in Section 3.1.2 to estimate the total number of booked hours delivered by all providers of each type.

⁴³ The overall small decline for group-based providers reflected a decline of 3.8% for private providers and a small increase of 1.7% for voluntary providers.

⁴⁴ The overall decrease of 5% reflected decreases of 3% for nursery classes in maintained schools, 9% for MNS and 5% for nursery classes in independent schools.

providers and childminders, but not for group-based providers. The dashed lines indicates where trends may have differed during the COVID pandemic.

Again, this shows that the pandemic has hit childminders hard: childminders experienced a large decline in the average number of booked child hours, both in absolute terms and relative to the pre-pandemic year. This indicates a substantial change in delivery models for childminders towards smaller-scale provision or operating with lower levels of occupancy. The evidence in the following section suggests that a fall in the average rates of occupancy was the main change.

There was some evidence that LA COVID-related support may have mitigated some of the changes for some types of providers between 2019 and 2021⁴⁵:

- A more bespoke local approach to messaging about COVID may have better supported **school-based settings** to maintain the number of **booked child hours** at their setting than approaches which relied more on national messaging. The reduction in booked child hours was substantially smaller in LAs using a more local approach (2% decline) than in LAs using a more national approach (9% decline).
- There was some indication that LA support may have helped **childminders** to maintain the number of **booked child hours**. The reduction in booked child hours was substantially greater in LAs which did not take part in the LA survey (which may possibly have been related to less active policy⁴⁶), with an average decline of 18% compared to 8% for all childminders.

This suggests that local support was important for school-based providers and childminders in maintaining levels of delivery and/or occupancy.

Hardy et al. (2022) also found that childminders were caring for fewer children (a slightly different measure from child hours). This study found that by December 2020, 65% reported that they had fewer children while only 7% had more children than before the pandemic. By July 2021, 33% of childminders reported that child numbers had returned to pre-COVID levels, while 14% reported they were higher and 53% reported that they were lower. Childminders primarily attributed the reduction in demand to changes in parental work, but safety concerns and restrictions limiting children to one setting were also reported to have played a role. Childminders whose numbers had stabilized or increased attributed this to the closure of other childminders in the area or to parents increasingly favouring smaller settings.

6.3. Changes in provider finances

This section considers the potential impacts on provider finances. It begins by describing the patterns of change in income and cost and how these changes relate to the other changes in provision described above. These two elements are then combined to analyse the “income-to-cost” ratio which captures the overall day-to-day financial strength of providers. (Unfortunately, the SCEYP does not contain information on providers’ cumulative financial position including their reserves.) Finally, it considers the relationships between the changes in finances and the LA support measures.

⁴⁵ See Box 1.1 in chapter 1 for a description of the measures of LA COVID-related support derived from the LA survey.

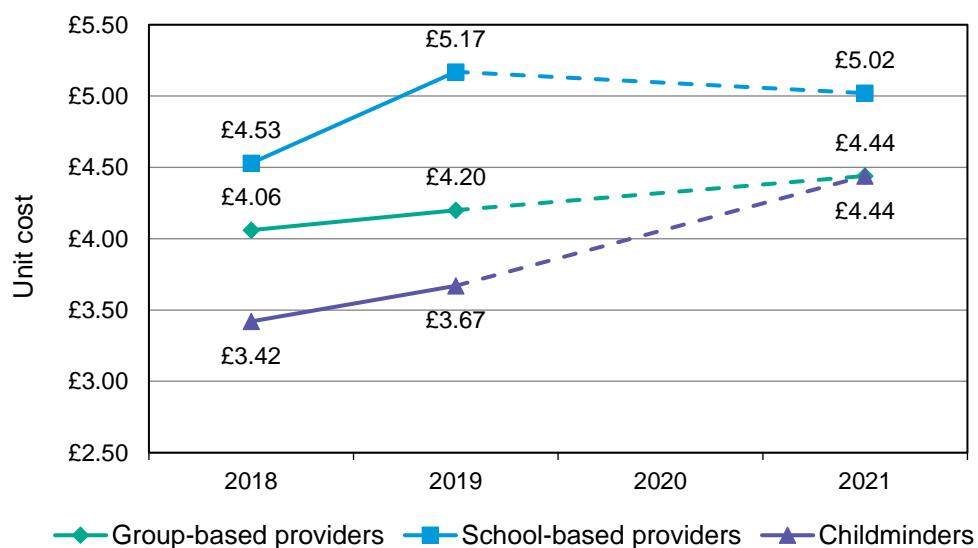
⁴⁶ Of the 26 LAs which did not participate in the survey, 12 had shown some interest in taking part but either a convenient time could not be arranged within the fieldwork period (8 cases), or the lead was not available (for example, due to illness) or had not been in the position sufficiently long to be able to answer the survey. LAs specifically declined to take part in seven cases and an appropriate individual to take part could not be identified in a further seven cases.

6.3.1. Unit income and unit cost

While a reduction in hours of care delivered would have reduced total income, the impact on providers' financial position depends upon the extent to which they could reduce their scale of delivery and reduce delivery costs (for example, by lower staffing levels) in line with the lower income. If costs could not be reduced commensurately, the unit cost (cost per child hour) would have increased. In addition, the increases in monetary cost (such as for cleaning materials and PPE as well as rising staff hourly pay) and declines in efficiency of delivery (such as more expensive use of staff time due to smaller child groups) could also have directly raised the unit cost. Moreover, while *total* income may have fallen, *unit* income (income per child hour) may have increased, on average, given the increases in hourly fees (shown above) or with increases in the free entitlement funding rates.^{47 48}

The overall impacts on providers' finances therefore depend upon the relative changes in the unit cost and unit income, shown in Figures 6.6 and 6.7 respectively. It should be kept in mind that these patterns reflect ongoing impacts on income and costs in spring-summer 2021 and do not capture the impacts at the height of the pandemic when ECEC attendance dropped considerably, nor the longer-term impacts on provider reserves (as documented in the previous chapter).

Figure 6.6 Average unit cost 2018 to 2021



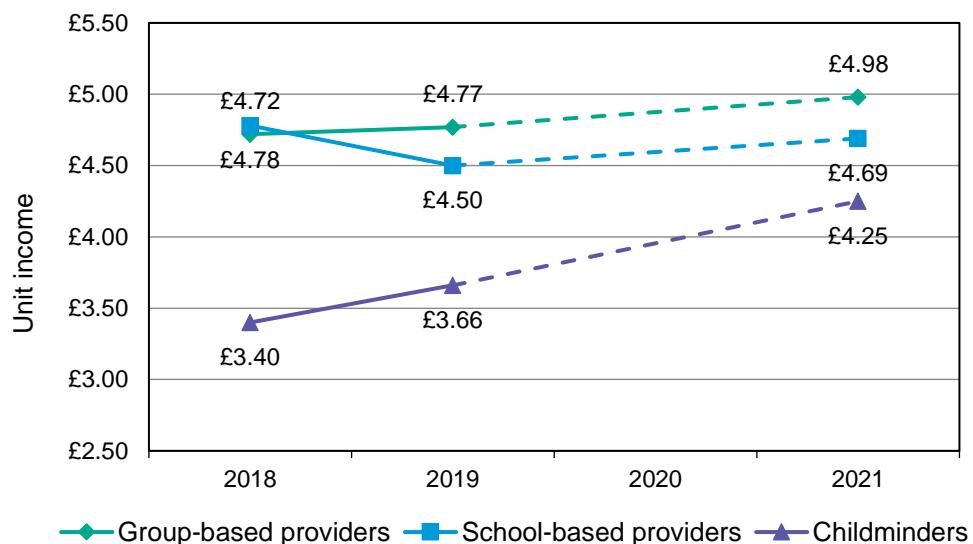
Sources: SCEYP, 2018, 2019 and 2021.

Notes: There were no statistically significant differences between 2018 and 2019. The differences between 2019 and 2021 were statistically significant only for childminders. The dashed lines indicates where trends may have differed during the Covid pandemic.

⁴⁷ The average free entitlement funding rates received by group-based and school-based providers in the SCEYP data for two-year-old children increased by 3% between 2019 and 2021 and by 4% for three and four-year-olds. For childminders, the increase was 3% for both age groups.

⁴⁸ Unit income may also have changed if the balance of child hours between those paid for by parents and those funded by the free entitlement altered (in combination with a difference in the hourly parent-paid fee and hourly funding rate) or if parent-paid hours shifted towards or away from child hours charged at higher rates. For some settings, declines in fundraising could also have had small impacts on the unit income.

Figure 6.7 Average unit income 2018 to 2021



Sources: SCEYP, 2018, 2019 and 2021.

Notes: There were no statistically significant differences between 2018 and 2019. The differences between 2019 and 2021 were statistically significant only for childminders (at the 90% level). The dashed lines indicates where trends may have differed during the Covid pandemic.

For group-based providers, the average unit cost increased by 6% between 2019 and 2021 while average unit income increased by 4%,⁴⁹ neither much greater than the inflation rate of 3%. The increases were substantially greater for childminders: 21% for the average unit cost and 16% for average unit income. For both provider types, these rates of increase were very similar to those between 2018 and 2019, suggesting an ongoing trend of costs growing faster than income.

For school-based providers, average unit income increased by 4%, but the average unit cost declined by 3%.⁵⁰ These changes contrasted with the decrease in average unit income and increase in average unit cost between 2018 and 2019. Without longer term data, however, it is not possible to identify whether specific factors in 2019 meant that the average unit cost was unusually high and the average unit income unusually low in 2019 for school-based providers or whether the pandemic halted longer term trends in the unit cost and unit income.

In wave 4 of the SCEYP COVID-19 survey at the end of 2021, around half of group-based providers (54%) and childminders (49%) reported that their total cost had notably increased since before the pandemic, while only 9% of group-based providers and 14% of childminders reported that it had notably decreased (Davies et al., 2022). On the other hand, 50% of group-based providers and 58% of childminders reported that their total income had notably decreased since before the pandemic, while only 10% of group-based providers and 6% of childminders reported that it had increased.

⁴⁹ The increases for group-based providers were primarily driven by an increase of 11% in the average unit cost and of 10% for the average unit income for private providers with little change (an increase of 1% in the average unit cost and a decline of 4% in the average unit income) for voluntary providers.

⁵⁰ For nursery classes in maintained schools, unit cost decreased by 1% and unit income increased by 1%. For MNS, unit cost decreased by 11% and unit income decreased by 3%. For nursery classes in independent schools, unit cost decreased by 15% and unit income increased by 37%.

6.3.2. Drivers of the changes in unit income and unit cost

For group-based providers and school-based providers, the changes in unit costs were considerably smaller than the increases in hourly pay described in the previous chapter, suggesting that there were significant other cost reductions, possibly from adjustments to staffing arrangements to reduce costs or from reduced expenditure on non-staff items. The absence of substantial rises in the unit cost for these types of providers also suggests that pressures on non-pay costs from COVID restrictions may not have been substantial in terms of ongoing costs a year into the pandemic.

For childminders, the substantial rise in the average unit cost was not explained by changes in average hourly pay, which was essentially unchanged. However, two other factors may explain the cost rise. First, the decrease in the mean number of child hours may have equated to a substantial decline in occupancy as childminders cannot easily adjust capacity to falling demand (that is, they cannot typically reduce staff numbers or easily reduce the use of space). Second, compliance with COVID restrictions when operating on a small scale may have been more costly than for larger operations.

For group-based providers and school-based providers, the increases in unit income between 2019 and 2021 were of similar magnitudes to the increases in hourly parent-paid fees and free entitlement funding rates.⁵¹ The increase in average unit income for childminders was higher than the increases in hourly and funding rates⁵², but there was a similar pattern in 2018 to 2019 suggesting that unit income was rising more quickly than the fee and funding rates prior to the pandemic as well. One possible explanation is an ongoing shift towards free entitlement provision for childminders for whom the funding rate is higher than the hourly parent-paid fee: the proportion of income from the free entitlement for childminders increased from 13% to 18% between 2019 and 2021.

The impacts of the pandemic on income and costs were mitigated by the actions taken by some providers to manage their finances, as reported in wave 4 of the SCEYP COVID-19 survey at the end of 2021 (Davis et al., 2022). This survey found that the most common action in relation to income was to increase fees (45% of group-based providers and 26% of childminders), while providers also increased additional charges for parents (13% of group-based providers and 7% of childminders) and 18% of group-based providers increased fundraising. The most common changes made to costs were to reduce spending on food, materials and equipment (55% of group-based providers and 47% of childminders), to delay maintenance or investment in facilities (39% of group-based providers and 21% of childminders) and to reduce staff costs (31% of group-based providers and 5% of childminders). Both group-based providers and childminders reported that they reduced staff costs by reducing the number of staff and reducing staff training and career development opportunities. Additionally, group-based providers reduced staff costs by existing staff working more hours, reducing staff expenses allowances and bonuses, reducing use of agency staff, employing more junior and/or lower grade staff, and reducing staff pay. Substantial proportions of group-based providers and childminders (9% for both) also reduced costs by increasing occupancy through changing opening hours or the flexibility in hours offered to parents, while 11% of group-based providers reported reducing venue costs by negotiating lower rent or mortgage payments. While these actions were widespread, it is not clear how much they mitigated the impacts of the pandemic on income and costs.

⁵¹ For group-based providers, average unit income increased by 4%, average hourly fees by 8% and average free entitlement funding rates by 4% for three and four-year-old preschool children. For school-based providers, average unit income increased by 4%, average hourly fees by 3% and average free entitlement funding rates by 3% for three and four-year-old preschool children.

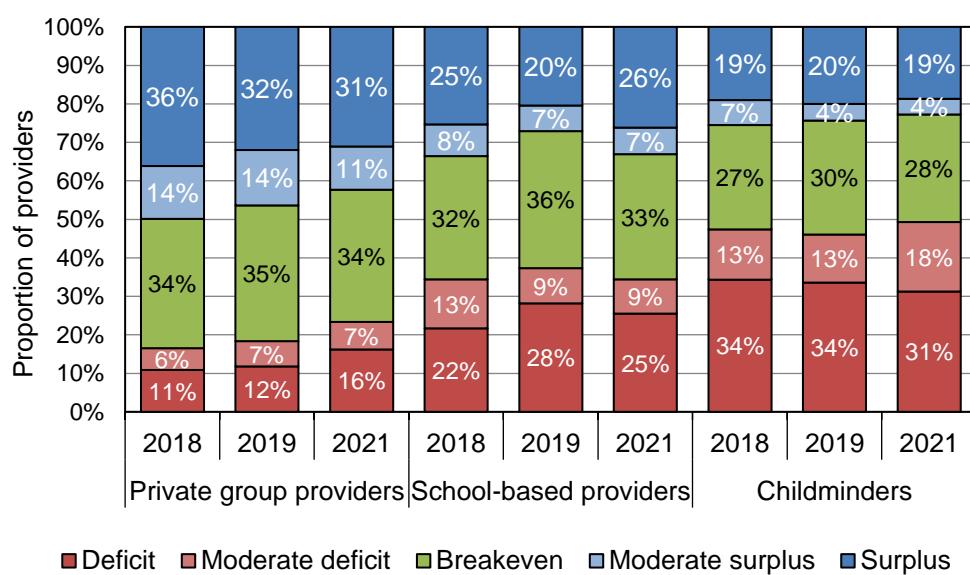
⁵² For childminders, average hourly fees increased by 6% and average free entitlement funding rates increased by 3% for three and four-year-old preschool children.

6.3.3. Changes in overall financial sustainability

A comparison of the changes in the unit cost and unit income is captured in the changes in the ratio of total income to total cost⁵³, reflecting how the average financial position of providers has changed over time.

The proportion of providers in “deficit” (defined as the ratio being less than 0.9 or total income covering less than 90% of costs) increased slightly between 2019 and 2021 for group-based providers (from 19% to 23%) and for childminders (from 47% to 49%) (Figure 6.8). The proportion of providers in “surplus” (defined as the ratio being greater than 1.1 or total income covering more than 110% of total cost) decreased slightly (from 46% to 42% for group-based providers and from 24% to 23% for childminders). These changes were similar to those between 2018 to 2019 and reflect how average unit cost had increased at a slightly higher rate than average unit income both in the year prior to the pandemic as well as across the pandemic period.⁵⁴

Figure 6.8 Proportions of providers in deficit, breakeven and surplus 2018 to 2021



Sources: SCEYP, 2018, 2019 and 2021.

Notes: Deficit, moderate deficit, breakeven, moderate surplus and surplus are defined as a ratio of total income to total cost of less than 0.8; between 0.8 and 0.9; between 0.9 and 1.1; between 1.1 and 1.2 and greater than 1.2 respectively.

For school-based providers, the proportion in deficit fell slightly (from 37% to 34%) and the proportion in surplus increased slightly (from 27% to 33%) between 2019 and 2021, in contrast to the direction of changes between 2018 and 2019. As with the patterns for the average unit income and average unit cost, it is not possible to discern whether specific

⁵³ As the unit cost is total cost divided by the number of child hours and the unit income is total income divided by the same number of child hours, the ratio of total cost to total income is identical to the ratio of unit income to unit cost.

⁵⁴ For private providers, the proportions in the deficit bands increased from 15% in 2018 to 19% in 2019 and to 22% in 2021, while the proportions in the surplus bands fell from 62% to 58% to 51%. For voluntary providers, the proportions in the deficit bands were almost unchanged from 17% in 2018 to 16% in 2019 and rose to 25% in 2021, while the proportions in the surplus bands fell from 37% in 2018 to 34% in 2019 and to 32% in 2021. Hence, while the patterns were similar for private and voluntary providers, there were more substantial movements from surplus to breakeven for private providers and more substantial movements into deficit for voluntary providers.

factors in 2019 meant that it was an unusually poor financial year for school-based providers or whether the COVID pandemic improved the financial position for school-based providers, halting a longer-term trend of declining financial sustainability.⁵⁵

In wave 4 of the SCEYP COVID-19 survey at the end of 2021, 51% of group-based providers and 25% of childminders reported that their current total income did *not* cover current costs (Davies et al., 2022). However, the reporting of current costs for childminders in this survey would not have included the withdrawal of income from the business which is counted as implicit staff costs in figure 6.8 and could account for the higher proportion in deficit in figure 6.8. The same study also presented evidence on how providers managed deficits since the start of the pandemic, with more than two thirds (65% of group-based providers and 71% of childminders) needing to take some actions to bridge the gap between income and costs. For group-based providers, the most prevalent actions involved using savings including business contingency reserves (reported by 34%), business savings intended for future improvements (24%) and personal savings (20%), while taking on new debt was also widespread including Government support scheme loans (24%), business loans (10%) and delaying payments on bills (16%). Almost half of childminders (49%) reported using personal savings, while smaller proportions reported using business contingency reserves (9%), Government support scheme loans (14%) and delaying payment on bills (18%).

Hardy et al. (2022) also found evidence that a higher proportion of nurseries (both group-based and school based) were in a weaker financial position than before the pandemic. In their survey, 40% of nursery managers reported that they went into deficit between June and December 2021 and 31% reported that they went into deficit between January to July 2021.⁵⁶

6.3.4. Role of LA policy

There was some evidence that LA COVID-related support may have mitigated some of the changes in unit income and unit cost for some provider types between 2019 and 2021⁵⁷:

- More active LA support may have helped to **maintain income levels for group-based providers**. The increase in average unit income was higher for LAs with a high level of support (£0.29) than for LAs with a medium level of support (£0.11).
- More active LA support may have helped to **maintain income from parent-paid fees for school-based providers**. The average proportion of income from parent-paid fees increased in LAs with a high level of support while it decreased for those in LAs with a medium level of support.
- More active LA support may have helped to **reduce the increases in unit costs for school-based providers**. There was a decrease in the average unit cost in LAs with a high level of support and an increase in LAs with a low level of support.

⁵⁵ For nursery classes in maintained schools, the proportions in the deficit bands increased from 37% in 2018 to 40% in 2019 and then decreased to 34% in 2021, while the proportions in the surplus bands fell from 34% to 29% and then increased to 36%. For MNS, the proportions in the deficit bands increased from 23% in 2018 to 28% in 2019 and then decreased to 23% in 2021, while the proportions in the surplus bands declined slightly from 10% to 9% and then increased to 14%. For nursery classes in independent schools, the proportions in the deficit bands increased from 10% in 2018 to 17% in 2019 and to 49% in 2021, while the proportions in the surplus bands fell from 63% to 37% to 30%.

⁵⁶ It is not clear how to interpret these numbers, but they would be consistent with the SCEYP analysis if they capture the proportions of providers experiencing a deficit in current income over current cost at some point during each period.

⁵⁷ See Box 1.1 in chapter 1 for a description of the measures of LA COVID-related support derived from the LA survey.

- Perceptions of more effective LA support may have helped to **reduce the increases in unit costs for childminders**. The average unit cost increased by a much smaller amount in LAs with perceptions of high effective policy than in LAs with perceptions of low effective policy (£0.35 compared to £2.47).

Again, the evidence suggests that while LA support could not consistently mitigate the impacts of the pandemic across all aspects of delivery or for all types of providers, LA actions provided important support for some elements of provision.

6.4. Variation in changes between 2019 and 2021

6.4.1. By local deprivation level

There was some variation in the changes between 2019 and 2021 across deprivation levels, although the patterns are not strong either in the magnitude of differences or in consistency across the five deprivation quintiles (Table 6.1).⁵⁸

Table 6.1 Variation in changes in ECEC provision by local deprivation level

Change in means: 2019 to 2021	Local deprivation level				
	Q1 most deprived	Q2 second most	Q3 middle quintile	Q4 second least	Q5 least deprived
Weekly opening hours	-1%	-1%	-3%	-3%	-3%
Hourly parent-paid fees	5%	6%	8%	8%	7%
Weekly staff hours	0%	2%	0%	2%	3%
Average qualification	1%	1%	-1%	1%	2%
Hourly staff pay	8%	19%	7%	12%	15%
Child hours per setting	-5%	6%	2%	4%	4%
Unit cost	-21%	26%	34%	2%	20%
Unit income	-33%	32%	19%	24%	15%

Sources: SCEYP, 2019 and 2021.

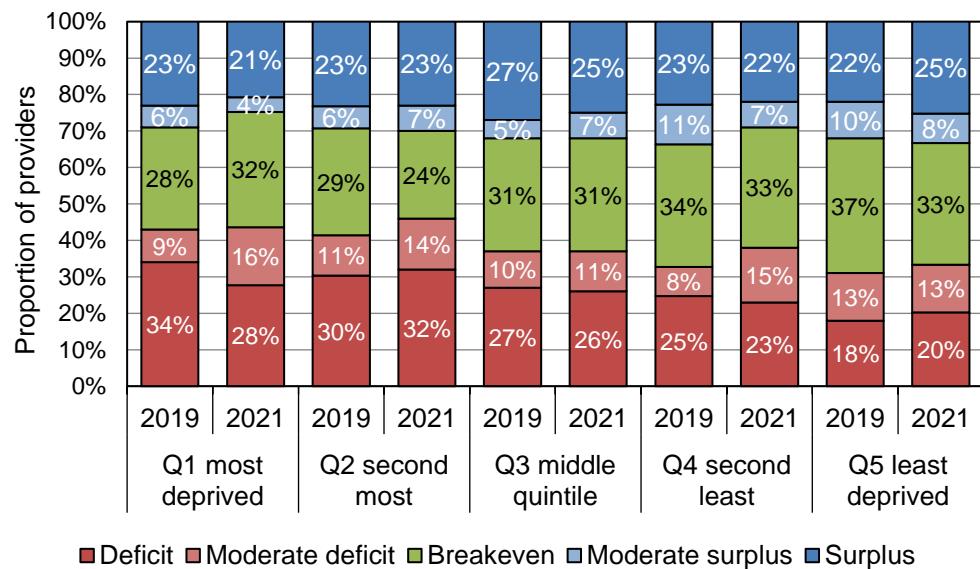
Notes: The year-deprivation quintile sample sizes varied from 1,672 to 2,110 for weekly opening hours and child hours per setting, from 1,803 to 2,978 for the hourly parent-paid fees, from 2,022 to 3,193 for the three staffing measures, and from 385 to 503 for unit cost and unit income.

⁵⁸ Cattoretti & Paull (2022) present the statistics for 2019 and 2021 underlying the percentage changes for hourly parent-paid fees, hourly staff pay, unit cost and unit income in Table 6.1 and the statistics for the mean income-to-cost ratios corresponding to the proportions of providers in deficit and surplus in figure 6.9.

Decreases in average weekly opening hours and increases in hourly parent-paid fees were slightly higher in less deprived areas, alongside generally slightly higher increases in staff weekly hours, qualifications and hourly pay. This suggests that there may have been more modifications to delivery in more affluent areas, possibly in response to greater impacts from changes in parents' work behaviour. On the other hand, the average number of child hours per setting declined in the most deprived areas in contrast to the average increases in the other areas, consistent with earlier evidence of greater declines in attendance in more deprived areas. The average unit cost and unit income also declined in the most deprived areas in contrast to the increases in other areas, reflecting smaller increases in staff hourly pay and hourly parent-paid fees than in other areas.

In 2021, the overall financial position for providers in terms of ongoing costs and income was generally better for those in less deprived areas (figure 6.9). In the most deprived areas, 44% of providers were in deficit and 25% in surplus compared to 33% of providers in deficit and 33% in surplus in the least deprived areas. However, the changes between 2019 and 2021 were not strongly related to deprivation level, with the largest increases in the proportions in deficit in the *second* most deprived and *second* least deprived areas, while the largest declines in the proportions in surplus were in the most deprived and, again, the *second* least deprived areas. This suggests that the pandemic had slightly different effects on provision across deprivation level, but differences were not large and appear to have had similar overall impacts on providers' financial positions.

Figure 6.9 Proportions of providers in deficit, breakeven and surplus by local deprivation



Sources: SCEYP, 2019 and 2021.

Notes: Deficit, moderate deficit, breakeven, moderate surplus and surplus are defined as a ratio of total income to total cost of less than 0.8; between 0.8 and 0.9; between 0.9 and 1.1; between 1.1 and 1.2 and greater than 1.2 respectively. The year-deprivation quintile sample sizes varied from 345 to 449.

6.4.2. By region

Differences in provision changes between 2019 and 2021 across region were explored in Cattoretti & Paull (2022). This study found:

- Average hourly parent-paid fees for three- and four-year-old children was higher in 2021 than in 2019 in all regions. The increase ranged from 4% to 9%, with the smallest

increases in the North East and East Midlands and the largest increases in the North West, Yorkshire and the Humber and West Midlands.

- Average hourly pay was higher in 2021 than 2019 in all nine regions, with the greatest increases in the South West (26%) and the East Midlands (20%).
- The average unit cost was higher in 2021 than in 2019 in seven of the nine regions, with the greatest increases in the South West (43%), West Midlands (40%) and North West (39%). The mean unit cost was lower in 2021 than in 2019 in the East of England and the South East.
- The average income-to-cost ratio was lower in 2021 than in 2019 in seven of the nine regions, with the greatest declines in the East of England (24%) and the South West (20%). The mean income-to-cost ratio was higher in 2021 than in 2019 only in the North East and East Midlands.

Overall, there were few strong patterns in the changes across regions. In the North West and West Midlands, the increase in the mean unit cost and the increase in the hourly parent-paid fees were both higher than in most other regions, suggesting that fees increased more in line with higher increases in costs. In the South West, the mean increase in staff hourly pay and the increase in the mean unit cost were higher than in other regions while the decline in the income-to-cost ratio was greater than in most other regions, suggesting that the income-to-cost ratio fell in line with rising costs.

6.4.3. Between urban and rural areas

The study by Cattoretti & Paull (2022) also explored differences in provision changes between 2019 and 2021 between urban and rural areas and found:

- Average hourly parent-paid fees were higher in 2021 than in 2019 in both urban areas and rural areas, but the increases were greater in urban areas.
- Average hourly pay was higher in 2021 than in 2019 in both urban areas and rural areas, but the increase was greater in rural areas.
- The average unit cost was higher in 2021 than in 2019 in both urban areas and rural areas, but the increase was greater in urban areas.
- The average income-to-cost ratio was lower in 2021 than in 2019 in both urban areas and rural areas, but the decrease was greater in urban areas.

Overall, the increases in unit costs and hourly fees and the decline in the income-to-cost ratio were greater in urban areas than rural areas, although the greater increase in mean hourly staff pay in rural areas was not consistent with these patterns.

6.5. Summary

Comparing provision characteristics between 2019 and 2021 using the SCEYP data suggests that the pandemic had contrasting effects for different types of providers. For group-based providers (covering private and voluntary settings) and school-based providers, provision in 2021 was similar to that in 2019 following previous trends (in opening hours and parent-paid fees) or returning to pre-pandemic levels (booked child hours per setting). However, weekly staff hours and hourly pay were higher than would have been expected in 2021 for these providers, indicating pandemic-related staff shortages. In contrast for childminders, average opening hours, work hours and number of

booked child hours were all lower in 2021, reflecting greater drops in demand and provision adjustments for this type of provider.

The evidence presented in the previous chapter suggested that at least some ECEC providers suffered a substantial deterioration of their cumulative financial position as a result of the pandemic. By spring-summer 2021, the data from the SCEYP indicates that average *ongoing* financial implications of the pandemic were relatively modest for group-based providers and childminders, continuing pre-pandemic patterns of costs rising at a slightly higher rate than income and a gradual weakening of providers' average financial position. For school-based providers, there is some limited evidence that the pandemic may have halted or reversed these trends, possibly temporarily.

The evidence also suggests that while LA support could not consistently mitigate the impacts of the pandemic across all aspects of delivery or for all types of providers, LA actions supported some elements of provision. Specifically, greater LA support was associated with smaller reductions in booked child hours and smaller increases in unit costs for school-based providers and childminders. Greater LA support was also associated with higher income growth and smaller impacts on staff work hours for group-based providers.

These relatively limited medium-term financial implications of the pandemic are consistent with the evidence discussed in the previous chapter that the pandemic has not yet led to a mass exodus of ECEC providers – at least not relative to the consolidation already occurring in the long-term trends. Underneath this picture, however, many settings may now be in a more precarious financial position than they were before the pandemic, leaving them less well equipped to weather any further shocks to demand or greater challenges in recruiting suitable staff. These future challenges are discussed in the next chapter.

7. Future risks to ECEC provision

This chapter looks at future risks to provision, drawing on case study data and summarising the situation by summer-autumn 2021 in relation to:

- Future financial risks arising from the financial shock of COVID.
- Factors influencing financial vulnerability.
- Workforce pressures.

7.1. Introduction

The picture painted by the previous two chapters is of an ECEC system that experienced significant reductions in income and some increase in costs during the early part of the pandemic, which led to a cumulative worsening of providers' overall financial position. Around a year into the pandemic, however, the day-to-day operations and financial position of many providers did not look dramatically different to before the pandemic, especially for group settings, although the picture for childminders is somewhat bleaker. This suggests that the pandemic was a shock which had large but primarily temporary effects for many providers, leading those already in a precarious financial position pre-pandemic to exit the market, but allowing providers who remained in business to return to something close to 'normal' operations on a day-to-day basis. This picture is supported by the patterns of attendance described in chapter three, which highlighted extremely low attendance rates in the first three months of the pandemic that rebounded strongly during autumn 2020 and were back to something close to expected levels by the end of 2020.

While the evidence available to date does not point to significant sufficiency problems, at least at national level, by autumn 2021, the substantial reduction or removal of providers' financial safety nets – in the form of savings or reserves – coupled with an exacerbation of existing challenges associated with staffing, suggests that there may still be significant risks to future sufficiency of ECEC provision.

In this chapter we draw on qualitative evidence from the case studies about possible future financial risks, based on changes in the level and nature of expected future attendance, and draw out the factors that appeared to create most vulnerability for individual providers. We then turn to workforce challenges. The chapter concludes by discussing the implications for future provision and LA support needs.

7.2. Future financial risks

7.2.1. More financially precarious

As chapter five highlighted, providers had taken on debt and used reserves or savings to survive during the height of the pandemic, leaving them more vulnerable to future financial shocks, a situation that many viewed with considerable trepidation even if their day-to-day operating finances were returning to pre-pandemic norms.

LA representatives were also concerned about future viability. Although as chapter three noted they had seen few closures at the point of the interview, they were aware of providers with very low levels of occupancy and who were more financially vulnerable because of the losses they had sustained. LA representatives were very concerned about the impacts of furlough, SEISS and other financial support coming to an end when ECEC take-up remained below pre-pandemic levels, and also noted that the re-commencement of visits by Ofsted as well as their own teams might reveal quality issues that would add to viability challenges.

'A lot of providers are holding on by their fingernails in terms of financial sustainability. They've managed to stay open through a mix of various central government funding support, furlough, business rate reductions and that sort of stuff, plus the funding we rolled out ... plus a lot of those providers would have been tapping into their reserves [which] would have been exhausted.' LA representative, early years team

7.2.2. Lower attendance

Despite the fact that all the case study settings had experienced reductions in income in the early part of the pandemic, some were operating, or anticipating operating, at full or usual occupancy from September 2021 onwards, based on current and new registrations. They had taken on children whose previous provision had been closed for longer, or seen higher demand than expected for the September 2021 term.

'My prediction is that things are looking okay and I'm quite optimistic about the future.' Private day nursery

'Yes, I'm full to the brim. I get enquiries all the time I've been full in September [2021] for ages, and a really long waiting list.' Not for profit nursery

However, most were not at the level of take-up that they would have expected pre-pandemic, and had (sometimes acute) concerns about the future. This was particularly true for childminders, but was also the case for group settings. In terms of the level of take-up, providers described:

- Lower numbers of children overall, whether privately or publicly funded.
- More parents seeking part-time rather than full-time hours.
- Much less demand for early bird, after school or wrap around places.
- A fall-off in parents topping up publicly funded hours.

The reduction in take-up was sometimes dramatic, with the most severely affected (including both childminders and group settings) saying they were operating at below half the occupancy they would have expected. Even at relatively small reductions in occupancy, they said the financial impacts were marked. As one provider explained, it is the last few children that generate profitability or viability. Temporary reductions in take-up worsened providers' cumulative financial position, adding to the impact of taking on debt or using reserves during the height of the pandemic. This left providers affected more concerned about under-occupancy than they might have been pre-pandemic and meant that some were operating at levels of take-up that they saw as threatening their financial viability. All types of providers were represented among those describing acute pressures.

Some providers interviewed later in the fieldwork period (September or October 2021) reported that take-up had increased very recently, suggesting that the concerns of those interviewed earlier (June or July 2021) may have since been alleviated. However, some providers interviewed later had not seen take-up rise and were very concerned, particularly as furlough and other financial support was coming to an end. It did not appear that providers that were most affected were changing their business models (e.g., reducing staffing and capacity to reduce costs in line with falling income).

'We are on the borderline that if we don't bring money in in September, we could go.' Not for profit nursery

'For us [the challenge] is to stay afloat. We're not here to make a profit, we just want to break even, and we're not going to next year. I suppose the worst outcome, if our numbers don't increase, is that we won't be able to stay open, so we won't last the next academic year, we would have to close, because financially we just wouldn't be able to do it ... That's the worst case scenario, is that we won't be operating this time next year.' Not for profit nursery

Concerns about below-capacity occupancy were also highlighted by Hardy et al. (2022). Their July 2021 survey of providers suggested that it may particularly affect settings catering for disadvantaged children, since 52% of LA nurseries and 47% of voluntary/community nurseries reported decreased attendance, compared with 38% of private nurseries. They also found half (53%) of childminders reporting lower than pre-pandemic occupancy and particularly acute concerns among childminders about the future.

As we noted in chapter three, in spring-summer 2021 there had not been a substantial decline in overall hours of ECEC used, although DfE data for autumn 2021 showed a continued pattern of fewer children accessing ECEC than pre-pandemic. Our data from interviews with providers suggest that these changes may be unevenly distributed, leaving some providers more at risk than overall patterns of impacts suggest, and highlight also that even small reductions in occupancy levels may have significant financial impacts.

Concerns about the future sustainability of the ECEC sector were also expressed in a 2020 Nuffield Foundation report (Oppenheim & Rehill, 2020), the first in a series of reports on 'the changing face of early childhood in the UK'. Oppenheim and Rehill explored trends over the last two decades in areas such as parental employment and care, children's use of ECEC, family formation and fertility, families and their socio-economic context and the impact of COVID. The authors highlighted the risk for ECEC provision of reduced demand.

7.2.3. Increased demand for flexible provision

The increased demand for more flexible provision – shorter hours, fewer days, or ad hoc and varying arrangements – which providers and LAs saw as being driven by changes in working arrangements, was particularly striking and posed significant challenges to providers. Some were able to respond by offering more flexible arrangements, for example moving from offering morning or afternoon sessions to making places available on an hourly basis, reducing the minimum number of hours they allowed parents to take or allowing irregular ad hoc arrangements.

However, the demand for flexibility was overall very concerning for providers. It created significant operational and financial pressures, particularly for childminders and smaller providers where the alignment of hours wanted and available was easily disrupted by one parent or a small number with needs that were hard to accommodate. Providers were also concerned about the impacts on children of less regular routines and disruption to keyworker relationships or to groups.

[Families are] working from home, and so they feel they can compress their online meeting time between nine to three... and if they have a partner at home, they're finding a way to shift and juggle. They do see it as a positive that they can be around a bit more, so they're not just collecting at six when their child has had a long day and is tired [Flexibility is] something that we would love to be able to offer as a more permanent option. Just making the staffing costs line up with the level of flexibility ... we can't marry those two things together. If we were funded as the government should fund things for actual running costs and building costs, then we could build in that level of flexibility in a much more meaningful way.' Not for profit nursery

This concern is supported by the evidence from a study of good practice in early education provision (Callanan et al., 2017). To flourish and have good longer-term outcomes children need to be able to build warm relationships with consistently available staff and the opportunity to build friendships with their peers in a familiar group. This is even more important for children growing up with disadvantage. Irregular and ad hoc arrangements do not facilitate this. Providers need to balance parental wishes against promoting the wellbeing of children in their care.

The employer representatives included in our study and interviewed in autumn 2021, consistently pointed to hybrid working arrangements (home and office based) being likely to continue. They described local employers as having welcomed the opportunity to reduce costs and increase productivity and noted some large employers who had given up office space. Employer representatives in all areas described labour market shortages in some sectors, and the common view was that if employees wanted home based or hybrid arrangements, employers were likely to be supportive.

The LA survey similarly indicated that a key concern going forward was that demand could be permanently lower due to higher levels of homeworking, more flexible working, and shorter commuting times. Another key concern was that demand could be lower specifically for hours outside the core 9am to 3pm and for out-of-school (wrap-around) care due to changes in work patterns, leading to a reduction in the provision of out-of-school (wrap-around) care and full-day care. Indeed, concerns about the future of the out-of-school sector were raised throughout the survey.

It is difficult to predict whether these trends will continue, but it seems reasonable to assume that continued hybrid working arrangements, and parents' sensitivity to ECEC costs particularly in the light of rises in the cost of living, will lead to continued demand for flexible provision.

7.2.4. Shifts in balance of take-up to less profitable places

Providers interviewed also described changes – in both directions – in the balance between publicly and privately funded places. Our data did not show any obvious patterns of difference between provider types here. Overall, different providers described:

- A shift in balance from publicly funded provision to privately funded, and/or from non-working to working parents, which they saw as reflecting families' concerns about COVID safety, low recognition of the value of early learning, and buoyant labour demands.
- A shift from privately to publicly funded provision. In some cases, this was a deliberate strategy, where providers who pre-pandemic had limited the number of publicly funded places were now relaxing those limits in the face of concerning levels of take-up overall. Providers said this was concerning because it meant both lower hourly fees and less opportunity for private fees to cross-subsidise publicly funded hours

Several providers described more take-up among babies or under twos which they attributed to the difficulty of caring for very young children alongside work. They also described having lost older children to nursery classes, which now had capacity because of lower take-up by disadvantaged children. (Although not discussed by providers, this would potentially have financial consequences as delivery costs are generally higher for younger children.)

7.2.5. Factors influencing vulnerability

By autumn 2021, the situation that providers faced varied considerably, some seeing continued reductions in attendance (and therefore income) whilst others saw a return to usual occupancy.

It was difficult to identify categorically the differences between those that were more or less concerned, and also difficult to distinguish factors relevant up to the point of the interview and those more relevant to future viability. However, factors that appeared to increase financial vulnerability were:

- Being smaller (and particularly being a childminder): because the loss of even one family was significant, and because this made it more difficult to accommodate demand for flexibilities while sustaining full capacity.
- Having a less formal business operation (particularly childminders and smaller not for profits): for example, not being able to evidence previous income levels for SEISS or other financial relief, not being able to apply for reduced business rates because of not being registered for VAT, staff being self-employed and not entitled to furlough, and making discretionary payments to protect staff incomes and retain staff for the future.
- Opening during lockdown to relatively small numbers of children.
- Being dependent on fees from disadvantaged and non-working families who were less likely to attend during the pandemic.
- Being dependent on cross-subsidy of publicly funded hours by privately funded hours: this created pressures when privately funded hours fell more than publicly funded.
- Being in a locality with lower employment, where employment was harder hit by COVID, or with fewer keyworker families, given the strong links between local labour market conditions and ECEC use identified in chapter three.

Some providers appeared to be protected by having a more unique offer, for example being located on school site, having a particularly strong local reputation, or having an unusual type of provision such as being a forest school.

The four examples below illustrate the varied impacts of the pandemic on different settings.

Example 1: Childminder, negatively impacted, interviewed June 2021
<p>A childminder working on her own, pre-pandemic she was looking after 5 children and was open for 10.5 hours a day, with a combination of working and non-working families. Business was booming before the pandemic, and she limited the number of publicly funded children she took on although she had two who had higher additional needs.</p> <p>She closed during lockdown because none of the keyworker parents took up provision, but provided extensive home learning support, video-calling families, reading stories to children, providing other resources and contacting all her families at least twice a week. She lost some families, particularly those taking full time places, who either stopped using ECEC because of hybrid working arrangements, or saw a group setting as being safer. She lost two-thirds of her fee income and used her savings to stay afloat. She had some financial support under SEISS, but it fell short of her expected earnings, and she had no other financial support, using her savings to continue. She is now considering limiting the hours or days she provides and sees the future as very uncertain</p>

Example 2: Not for profit community nursery, negatively impacted, interviewed September 2021

A not-for-profit community nursery operating in a deprived area, open 08.30-16.00 and term time only, with 10 staff pre-pandemic supporting just over 50 children, mainly publicly funded and with a high proportion who are vulnerable, have SEN or a disability, or had other additional needs. Financial viability was a challenge pre-pandemic.

The setting closed until September 2020 but provided home learning packs and online learning support as well as staying in regular contact with families of vulnerable children. Take-up was very low throughout the pandemic, and by September 2021 was substantially down at 30% capacity. The manager was very uncertain that the setting was viable, and it may now close.

Example 3: Private setting, less impacted, interviewed July 2021

A small private day nursery, pre-pandemic servicing mainly working families, open 08.00-18.00 and limiting the number of publicly funded places. Pre-pandemic it was doing well.

The nursery closed until June as it would not have been viable to open for the few keyworker families, and then opened with reduced hours before returning to usual operating hours. During lockdown they provided online learning support including videos of staff reading stories. Some staff were covered by the early years entitlement funding and others by furlough; the setting used reserves to pay two staff not entitled to furlough. The setting is now full with a waiting list, and has the same profile of children as pre-pandemic except that more are part time. The nursery has created a more flexible offer to meet parents' demands, offering time on an hourly basis.

Example 4: Not for profit, less impacted, interviewed June 2021

A large not for profit setting with over 150 children and 25 staff, operating in a deprived area, with over half the children pre-pandemic being publicly funded and many families not working. It was doing well before the pandemic.

The setting closed during lockdown because of limited demand from vulnerable children or keyworkers, but provided home learning support and also food to families that were struggling. Staff costs were largely covered through the funded entitlement and furlough support schemes, and the setting charged fees even where parents were not using their place once it reopened. It received a small LA grant and business rates relief, and spent down on its reserves. The setting is now full, with the majority of families now privately funded, and an increase in the number of babies. Employed parents have increased their working hours and are asking for more nursery hours, and the setting planned to offer more flexibility.

7.2.6. Mitigating actions

In response to these pressures, some providers were already prioritising places, or considering doing so, on the basis of financial implications. For example, prioritising

parents wanting more hours, older children (although as noted some saw growing demand from younger children), or children with less significant needs. Some LA representatives noted that it was becoming more difficult to secure places for children with SEN or disabilities, vulnerable children, and disadvantaged two-year-olds.

Some providers had already reduced capacity, and others were considering doing so, in the light of lower take-up, for example no longer providing early bird or after school care or reducing operating hours or days.

7.3. Workforce pressures

The second set of challenges to future viability come from workforce pressures. Providers consistently reported much more significant recruitment and staff capacity pressures than pre-COVID. They described staff having left in larger than usual numbers, which they saw as reflecting a combination of the departure of European workers following Brexit, staff choosing to reduce hours, and staff leaving ECEC altogether because of low morale, burnout and seeing better employment opportunities elsewhere – comparisons with supermarkets were frequently made. Settings were also more reluctant than pre-pandemic to use bank or agency staff, because of both costs and the risks of infection. Those recruiting had had few applications, and particularly struggled to recruit qualified ECEC staff.

'We're haemorrhaging experienced, fantastic staff. The level of dedication, it takes your breath away ... but they're going to work in supermarkets, because why would you work in a nursery? Why would you work as a childminder and earn the living wage when you could go and work in Aldi and earn £12 an hour and have ... none of the worrying about that family or that child that goes on out of hours.' Private day nursery

'Recruitment is my utter nightmare and I'm not optimistic going forwards. I've got a senior member of staff going on maternity leave in about six, eight weeks, and I cannot find a replacement at all [Recruitment] has been difficult [pre-pandemic] but I've not had anybody apply for this position who is suitably qualified. In the past, I would at least be able to short list and interview. I can't even bring enough people together to interview at the moment. I've never been in that position before.' Private day nursery

As well as reflecting the pressures on staff during COVID, providers frequently linked workforce pressures with the way in which the national government had treated ECEC differently from schools, which they felt created impressions of a more risky environment and of ECEC as a commodity for working parents rather than a core support to children's development.

LA interviewees consistently highlighted these challenges to staff capacity, and saw particular risk from the inability to recruit staff with Level 3 qualifications. Employer bodies in all areas highlighted workforce shortages and buoyant employment opportunities in other sectors, which suggest the pressure on the ECEC workforce will continue.

'What providers are now finding is, where they're wanting to employ more staff, they're struggling to either get the quality of staff So they're having less people apply for jobs, and the quality and level of applicants that they're getting is not enough and is very poor quality.' LA representative, early years team

'I think it's becoming a real issue in Early Years. I was asked yesterday ... is it about finding suitable well qualified experienced people? No, it's about finding

'anybody who wants to work in Early Years and childcare now.' LA representative, early years team

In the LA survey, concerns were also raised that there could be a long-term adverse impact on staff recruitment and retention due to staff leaving and potential new staff not wanting to join the sector because of the impacts of COVID on staff well-being.

Workforce pressures were also highlighted by participants in the stakeholder workshops in January/February 2022 who described the pressures as greater than in autumn 2021 and suspected that, on the basis of their experience and intelligence, our data significantly under-reported the degree of challenge that was now being experienced in spring 2022. Some saw it as a more significant issue than low take-up and one that posed significant threat to future capacity.

These findings are echoed by Hardy et al. (2022), in their July 2021 survey, over half (56%) of nurseries said it has been harder to recruit than pre-pandemic, and a quarter (26%) described staff turnover as higher than pre-pandemic, with greater pressures on staff and low staff morale reflecting in part a sense of being under-valued by central government. Similarly, the latest DfE report on the ECEC workforce (Haux et al., 2022) highlights the staffing challenges faced by providers, with staff moving within the early years sector or leaving the sector altogether as a result of pressures including workload, working hours, low morale and the pressures of working through the pandemic. The report also echoes the challenges our research highlights in the quality and quantity of applicants compared with pre-pandemic recruitment.

These pressures fall on a sector where workforce was already an area of vulnerability. A report by the Early Years Workforce Commission set out in detail how growing sector-wide workforce challenges pre-pandemic, such as qualification levels, pay and employment conditions and access to CPD, have been exacerbated by COVID. The report has recommended a wide-ranging programme of measures, including fair pay, access to CPD, and a governmental workforce training strategy to protect the ECEC sector's future sustainability (Early Years Workforce Commission, 2021, p. 5).

7.4. Summary

During the pandemic there has been a large temporary reduction in ECEC usage, especially during the first and third national lockdowns, which reduced providers' income substantially. While ECEC usage had returned to somewhere close to expected levels by the end of 2021, these large drops in income, together with an increase in costs incurred as a result of following COVID guidelines, have led to a significant deterioration of the financial position of many providers. While chapter six suggested that, by spring-summer 2021, the ongoing financial implications of the pandemic were relatively modest, the fact that providers had run down reserves, taken on debt or seen reduced profits puts them in a more precarious financial position than before the pandemic, leaving them vulnerable to further shocks or policy changes.

As this chapter describes, there were perceived to be significant risks associated with the potential for continued lower demand, especially for more profitable types of provision, such as parent-paid hours (as opposed to funded entitlement hours): although some providers were returning, or anticipating returning, to usual occupancy rates, for others there were acute concerns. The increased demand for flexible provision – in response to more flexible working patterns – was a further a significant risk for the future, with some concerns also raised about whether more flexible provision was good for children. These pressures come from within the sector but also from an increasingly tight labour market throughout the economy.

The picture that emerges is one of an already vulnerable market that has experienced an unprecedented financial and operational shock which has not ruptured it but has left it much more vulnerable to future pressures. For LAs, the evidence points to the need for particular attention to future closures and implications for sufficiency, the need to provide active business and other support to minimise closures, and the need to develop local workforce strategies and provide other workforce support if the ECEC is to withstand any coming changes and future. Overall, our evidence points to a renewed significance, in the ECEC system, of LAs, DfE, schools and further education providers in supporting the ECEC workforce.

8. Conclusion

In this final chapter, we draw together the research findings to consider learning from the first 18 months of the pandemic:

- We discuss the role of ECEC system.
- We summarise the challenges faced by ECEC provision.
- We recommend how the ECEC system could be strengthened through changes in national policy as well as changes in the role of LAs.

8.1. What is the role of the ECEC system?

The pandemic has highlighted the pivotal role of ECEC in supporting children's development, as well as underlining its value as an essential component of the economic infrastructure. A key message from our study and other research is that the pandemic has shown what happens when ECEC services are not available: children's development is negatively affected, creating considerable challenges for ECEC settings and schools, parents' mental health and their ability to contribute to the economy are also adversely affected.

8.1.1. Should children have a right to free early education?

There is already strong evidence about the important role high quality early education can play in positively affecting children's development, but this information is not always available to, or taken into account by, families when making decisions about early education. Families may also have other preferences or constraints which affect their choices regarding early education and ability to access good quality provision.

Our evidence indicates that the pandemic may have strengthened parental beliefs about the importance of ECEC for child development, and, like education for older children, early education may increasingly be seen as essential and a child's right. A possible shift in attitudes is suggested by the consistency of the message that parents, even those with many resources, time and home learning support from their setting, cannot replace the learning and development opportunities that an ECEC setting can provide, particularly as children prepare to enter primary school.

While the dual role of ECEC services in supporting child development and enabling parents, particularly mothers, to work has long been recognised, the pandemic highlighted, perhaps more vividly than before, that schools also fulfil not only an educational role, but also support parental employment. This was evident from the decision to enable children of key workers to continue attending schools, as well as ECEC settings, during lockdowns. It has also been shown by the myriad studies highlighting the struggles faced by working parents in trying to juggle childcare, home-schooling and work when schools were closed.

Among parents in our study this raised the question of why national policy treats schools and ECEC settings, and access to school and ECEC, differently, a distinction that was particularly evident in some COVID-related interventions. For example, parents thought it was unfair that it was down to individual ECEC providers to decide whether to remain open and hence whether their child could continue to access ECEC in their usual setting, while older children's access to education was regulated nationally. Similarly, unlike schools, support with home-learning appeared to be much more down to the decision of individual providers, even though settings continued to receive public funding. Some parents were disappointed that when restrictions were eased children in ECEC settings were not given the opportunity to catch up on the funded hours they had missed, while additional tutoring was provided in schools. Finally, parents found it confusing when ECEC settings were allowed to remain fully open during the third lockdown (January to March 2021), while schools were closed to most children.

The pandemic has also highlighted, once again, how providers' financial considerations can play a role in determining access to ECEC services, in contrast to school services. While the commitment of some settings to remain open in response to the needs of local families was greatly appreciated, parents, providers and LA staff in our study also noted that some settings' decisions were more driven by financial factors.

As we have seen in chapter two, a longstanding weakness of the ECEC system is that equity of access is undermined by the fact that the early education entitlements are not consistently and genuinely free to families (National Audit Office, 2020; Paull & La Valle, 2018). Given the importance of early education for children's development, especially for disadvantaged children, which underpinned the decision to introduce these entitlements, the question is: why is this offer not always freely accessible at the point of use, in the way that school is?

Equity of access is also undermined by unregulated parent-paid fees (Archer & Oppenheim, 2021; Lloyd & Penn, 2013). There was a clear example of this during the pandemic as practices varied considerably in terms of whether settings charged parents when they were closed during the first lockdown and subsequent temporary closures, and when a child had to self-isolate. Some parents in our study reported that settings continued to charge parents full fees while their child was legally prevented from using the service, a practice that has also been highlighted as problematic by the Competition and Markets Authority (Competition & Markets Authority, 2020).

As has been highlighted elsewhere (Sutton Trust, 2021), we need better regulation to ensure that children's right to early education is supported as strongly as their right to education when they enter school.

8.1.2. Can ECEC help to reduce inequalities?

As discussed in chapter two, a key weakness of the ECEC system pre-COVID was that disadvantaged children (i.e., children from low-income families, with additional needs and children-in-need supported by children's social care services) were less likely than their peers to benefit from ECEC (National Audit Office, 2020). A key finding from our study and other research (Hardy et al., 2022; Sutton Trust, 2021) is that the pandemic has increased inequalities, as more children than pre-COVID are not accessing ECEC, and many of these are the very children who are most likely to benefit from it.

This issue is not confined to England: for example, in Germany, where ECEC access for disadvantaged children is better protected than in England, there is evidence that disadvantaged children have been more adversely affected by the pandemic (Autorengruppe Corona-KiTa-Studie, 2022).

The national policy response to support children who have missed a lot of their early education, many of whom are disadvantaged children, has been inadequate. The consequence of this is highlighted by evidence of considerably higher-level needs among children who have started school since the start of the pandemic (Bowyer-Crane et al., 2021; Sutton Trust 2021; Tracey et al., 2022). As parents in our study highlighted, no attempt was made to give children the opportunity to make up for the missed funded entitlement and the extent to which providers offered support for home learning in place of face-to-face early education varied enormously. Furthermore, the ECEC recovery programme is considerably smaller than the modest recovery programme offered to schools, and it is largely focused on school-based settings and reception classes (Department for Education, 2021b; Early Years Alliance, 2021).

A much more robust policy response is needed to support children whose early education experiences were considerably disrupted by COVID, and to support ECEC participation among disadvantaged children not only to address potential further decline, but to improve upon the pre-COVID participation rates.

Finally, supporting more consistent equity of access will also require consideration of ECEC policy features, highlighted in chapter two, that perpetuate inequalities. These include the

extended 30 hours entitlement, which mainly benefits wealthier families, and childcare fees that many families cannot afford.

8.2. Challenges for ECEC provision

In the early months of the pandemic there were considerable concerns about ECEC providers' ability to survive a financial shock that resulted in a significant drop in income, an increase in costs and settings operating in a very uncertain climate. Providers went through a very turbulent period, with many deeply concerned about how they would be able to survive and having to use their financial reserves or accumulating debt to remain afloat.

A year after the start of the pandemic, in terms of delivery capacity, the evidence seems to indicate that the sector was going back to 'normal'. The number of places and hours of provision delivered in spring and summer 2021 were consistent with pre-COVID trends, and nationally the sector appeared to be delivering sufficient provision. This is a testament to the sector's resilience and to the commitment of many providers to serve their local community. It also seems to indicate that the national and local COVID related support helped ECEC settings to overcome financial challenges at the height of the pandemic and to remain in operation, at least in the medium-term.

However, an assessment of whether the ECEC system is fit-for-purpose cannot be simply reduced to a question of sufficiency. While it is very important that there are enough ECEC services when and where families need them, equity of access and the quality of children's early education experiences are equally important. As discussed above, the pandemic has further undermined equity of access, and it is also posing serious risks to quality. Our study, other research and Ofsted have highlighted the serious risk that the quality of children's early education experiences may be adversely affected by the workforce challenges the sector is facing (Hardy et al., 2022; Ofsted 2022), as well as the government's proposal to change staff:child ratios (Savage, 2022).

Key challenges for ECEC provision going forward include:

- **Financial vulnerability:** providers' costs continue to grow faster than income, a trend that could be exacerbated by high inflation. At the same time their ability to draw on reserves or borrow money is likely to be significantly less than pre-COVID, potentially putting more settings at risk of going out of business in future.
- **Growing ECEC costs for families:** parent-paid fees continue to rise above inflation, presenting a considerable challenge for families, especially during a cost-of-living crisis.
- **Increasing barriers to access:** financial challenges mean that some providers' decisions are increasingly influenced by the need to reduce costs (e.g., not offer places to children with complex needs who require additional support) and maximise income from parents (e.g., offer few/no places to families who do not want to top up their funded entitlement with additional paid hours or pay for extras).
- **Workforce challenges:** providers are experiencing unprecedented difficulties in recruiting and retaining suitable staff in a tight labour market. This represents a considerable risk to the quality of provision and possibly also the number of places or hours they can offer.
- **Less choice for parents:** the continued decline in the number of childminders and consolidation of group-based provision into fewer larger settings (Hobbs & Bernard, 2021; Lloyd & Simon, 2022), is likely to further reduce options for families.

8.3. Supporting the three ECEC pillars

The recommendations from this study are that we need:

- More funding to build a better and more resilient ECEC system to support the three pillars: sufficiency, equity of access and quality of children's early education experiences.
- Targeted and evidence-based approaches at the national and local level linked to specific policy objectives to creatively address attitudinal and practical barriers to ECEC participation and to support the quality of provision.
- LAs to be given more responsibilities and resources to intervene to strengthen their local ECEC system, working in collaboration with stakeholders who can help to support access to and delivery of ECEC services.

Providers and LA teams in our study stressed that the free entitlement funding rate is inadequate. However, it is beyond the scope of this study to examine the adequacy of the funding rate, and therefore whether additional funding should be delivered through a higher funding rate or dedicated grants, or a combination of both. However, we are recommending that additional funding should be linked to clear policy objectives to deal with long-standing weaknesses in the ECEC system. This would mean devising policies that attach funding to specific delivery or workforce conditions to be developed in consultation with the ECEC stakeholders, and informed by the evidence of what supports the three ECEC pillars.

An example of a policy programme that has been developed to tackle similar weaknesses in another ECEC system is the recent reform of funding for early learning and childcare services in Ireland. Following an extensive review of the international evidence and the recommendations of a panel of national and international experts, the Irish government has announced greater public funding and state intervention to manage ECEC services, through a partnership between the state and providers. An element of this policy reform of particular relevance for England is:

*'Core Funding which is key to unlocking some of the most challenging issues in the current funding system and offers a new basis on which to build partnership between the State and providers. Core Funding will support the establishment of an Employment Regulation Order to improve pay and conditions in the sector, ensure stability and sustainability for services, improve quality of provision, and enable parental fees to be controlled so that the full affordability benefits of the ECCE [Early Childhood Care and Education] programme and NCS [National Childcare Scheme] can be realised. In return for Core Funding providers will agree to working to achieve these policy outcomes.'*⁵⁹ (Roderic O'Gorman, Minister for Children, Equality, Disability, Integration and Youth of Ireland)

In the next section we present our recommendations in relation to the role of LAs.

8.4. How local authorities can help to strengthen the local ECEC system

Whatever policy outcomes and funding mechanisms are agreed at the national level, our evidence suggests that effective implementation across the country would require more

⁵⁹ <https://www.gov.ie/en/press-release/a72ed-minister-ogorman-launches-major-reform-of-funding-for-early-learning-and-childcare-following-report-of-expert-group/>

consistency in terms of the level, type and scope of LA intervention in the ECEC system.
We recommend:

- A stronger role for LA ECEC teams with new statutory responsibilities supported by dedicated funding.
- All LAs having a named early years lead with responsibility for ensuring that, strategically and operationally, high quality and accessible ECEC provision is a key component of the local offer to families with young children.

LAs are uniquely placed to understand the needs of local families, co-ordinate the role of different stakeholders, and identify weaknesses and strengths in their local ECEC system. For example, our study, as well as recent surveys of LAs carried out by Coram Family and Childcare (Coleman et al., 2022) show that the predictions of most LAs regarding the impact of COVID on ECEC services and families turned out to be fairly accurate.

At the height of the pandemic some LA teams demonstrated a great capacity to identify where intervention was needed and act flexibly and creatively to support children's early education and welfare, as well as parents who needed to access ECEC in order to work. Some LA teams have also built stronger partnerships with their local providers and other family support services, which helped the ECEC system to operate at a time of great uncertainty. However, without further funding, LA early years teams will not be able to sustain the high level of involvement with the ECEC system that was required at the height of the pandemic. Furthermore, there is a need for more consistency in terms LAs' involvement in the ECEC system, as our evidence shows that LA teams' capacity to support the system varied considerably. In some LAs, ECEC was seen as a key component of the local early years offer, with resources and staffing structures that reflected this and with ECEC being a key part of the remit of the early years lead. At the other end of the spectrum, LA support for ECEC was fragmented with intervention being limited and poorly coordinated strategically and operationally. In some cases, it appeared that there was no strategic oversight of what the LA did to support the ECEC system.

The need to increase funding to LAs and expand their role to enable them to build resilience in the ECEC system was also highlighted in the first year of the pandemic by the County Councils Network (2020).

An expanded remit for LAs, coupled with additional funding, would need to be clearly linked to agreed national objectives which aimed to tackle weaknesses in the system and support sustainable, equitable and high quality local ECEC systems.

8.4.1. Supporting families to access ECEC

As discussed in chapter two, LAs already have responsibility for supporting access to ECEC by providing information to families about local ECEC services and conducting childcare sufficiency assessments. LAs are also required to intervene if unmet needs, sufficiency or access problems are identified, although currently their ability and capacity to do so are limited. Their power and resources to intervene could be considerably strengthened in the following ways:

- **Supporting take-up among disadvantaged children:** some LAs operate schemes for supporting take-up among disadvantaged children, such as Golden Ticket and Parent Champions.⁶⁰ However, we know little about their effectiveness and more research is

⁶⁰ The Golden Ticket automatically entitles eligible two-year-olds to apply for a funded early learning place without having to check their eligibility. Parent Champions are parent volunteers who talk to

required to understand what works in supporting ECEC access by evaluating and refining existing schemes, and developing new approaches, including those involving a range early years services. For example, the important role some LAs had in facilitating children, including vulnerable children, to access ECEC during the first lockdown suggests that LAs are well placed to broker access to services. It is not clear whether in ‘normal’ circumstances most families would require brokering support, but brokering could be offered to families who face barriers to ECEC access. Local experiences may highlight other promising examples that could be further developed and tested.

- **More good quality LA provision:** compared with other setting types, school based take a higher proportion of disadvantaged children and are more likely to include a graduate (teacher or early years professional). Currently some LAs have taken the strategic decision that it is in the interest of local children that the LA delivers a substantial proportion of ECEC places. However, others have little or no LA provision and could consider this as a potential option to improve access to high quality provision amongst disadvantaged children.
- **Ensure that families are not excluded from ECEC for cost-related reasons:** LAs should be given more powers than they currently have to ensure that the early education entitlements are genuinely free to families and that children are not excluded from settings because of the resource and cost implications for providers. LAs should also provide more support to families to apply for childcare subsidies through Universal Credit and Tax Free Childcare, as both schemes are complex and underutilised.
- **Stronger partnership with parents:** the pandemic has increased settings’ experience and capacity to support parents’ engagement in children’s learning, as envisaged by the Early Years Foundation Stage. This experience has also provided lessons on how to support the early learning of children who do not attend ECEC. LAs could build on the work they have done during the pandemic to support greater parental engagement in their children’s learning, including offering home leaning support to children who do not access ECEC (e.g., if parents feel their two-year old child is too young to attend a setting to take-up the early education entitlement).
- **A stronger safeguarding role for providers:** during the pandemic providers’ safeguarding role was expanded, and they played an important part in keeping in touch with vulnerable children and identifying families who required support. LAs should build on this experience and use providers’ knowledge of and trusted relationships with families to ensure that vulnerable children do not go ‘off the radar’ and to identify families who need support.

8.4.2. Supporting ECEC providers

As discussed in chapter two, LAs’ statutory responsibilities in relation to providers are very limited covering administering early education entitlement and SEND funding, providing SEND support and advice, and working with settings identified by Ofsted as in need of improvement. While LAs will typically provide more help than statutory requirements, support has been declining considerably in the past decade and could be strengthened in the following areas:

- **Sustainability and inclusivity:** LAs should offer settings (more) business advice, support and funding that helps them to balance the books while ensuring that their service

other parents about the local services available to families. The programme has been developed by Coram Family and Childcare to help marginalised or isolated parents who miss out on vital information about how to access local family services.

meets the needs of local families, including children with complex needs and families who cannot top up the early education entitlement.

- **Workforce:** the severe workforce challenges providers are facing require immediate and decisive action. LAs are well placed to ensure that the ECEC workforce is included in Local Skills Improvement Plans and that local providers are involved in the development and implementation of local ECEC workforce strategies. LAs should offer support to settings with staff recruitment and retention, for example, by helping providers to take on apprentices, provide practical help with staff recruitment, and help settings to develop and implement retention measures.
- **Quality:** LAs should support quality improvement directly through: more affordable or free early years training for local settings; more tailored one-to-one quality improvement advice and support; and, implementation of effective evidence-informed approaches within settings.

8.5. Conclusion

The pandemic has shown that a stronger partnership between ECEC providers and LAs can help to build resilience in the ECEC system. ‘COVID challenges’ that at first appeared insurmountable were successfully tackled through the commitment and dedication of LA early years teams and providers working together in creative and flexible ways.

However, commitment, partnership, flexibility and creativity are not sufficient to tackle some of the deep-seated weaknesses in the ECEC system. To ensure that all children can access and benefit from positive early education experiences and that lack of ‘childcare’ is not a barrier to work for mothers, particularly less affluent mothers, requires:

- National policy objectives to tackle ECEC system weaknesses, with dedicated funding to support their delivery and the three ECEC pillars: sufficiency, equity of access and quality of children’s early education experiences.
- More power and resources to LA early years teams to support the delivery of these policy objectives locally and to ensure that the specific needs of local children and their parents remain at the centre of decisions that shape the local ECEC system.

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Appendix A: Case studies design

The sample of **10 case studies** was purposively selected from the LA survey to reflect diverse ECEC systems and influences on ECEC services. The sample included (all figures are for 2019):

- Six LAs with fewer than 10,000 Ofsted registered early years places, and four with over 10,000 places.
- Seven LAs where the proportion of Ofsted registered early years places in school-based settings was 20% or more, and three where the proportion of maintained places was below a fifth.
- Variable take-up rates for funded entitlement hours, which ranged from 58% to 82% for disadvantaged 2-year-olds, and from 85% to 100% for 3-4-year-old.
- One inner LA, one outer London LA and one LA from each of the other eight English government regions.
- Three rural areas, three small towns and four LAs in large urban areas.
- Five LAs with an IDACI (Income deprivation affecting children index score) below 0.2 and five with an IDACI above 0.2.
- Two LAs with an unemployment rate (among those aged 25-49) below 3, four LAs with a 3-4 rate and four LAs with a rate above 4.
- six LAs where more than 40% of workforce aged 25-49 had an NVQ4 or higher qualification and four LAs where less than 40% of the workforce was qualified at this level.

The sample of **40 parents** of children aged 0-4 was purposively selected to recruit parents who had used or were planning to use ECEC around the time of fieldwork and to achieve a mix in terms of parents' socio-economic profile, families size and structure, parents' ethnicity, and children with additional needs and of different ages. The sample included:

- Thirty mothers and 10 fathers.
- Fourteen lone parents.
- Twenty households where (both) parents were in paid employment, 10 dual parent families where only one parent worked, and 10 non-working households.
- Twenty families with a child under the age of three.
- Thirteen families with one child, 15 families with two children and 12 with three or more children.
- Twelve parents who had a child with additional needs.

- Similar numbers from different socio-economic groups.
- Twenty-seven parents were White and 13 were Black, Asian or of Mixed ethnic origin.

The sample of **providers included 30 ECEC** settings with different delivery models i.e.:

- Ten private for-profit nurseries (eight single-site and two chains).
- Nine not-for-profit settings.
- Six school-based settings.
- Eight childminders.

Appendix B: COVID and ECEC timeline

When	COVID restrictions in England	How ECEC affected and supported	Support for families
Mar-May 2020	First national lockdown started on 23 March: allowed to leave home for limited reasons; only essential shops and services open; going out to work only if essential.	<p>Only children of critical workers and vulnerable children could attend ECEC settings (and schools). In April disapplication around staff qualifications to be counted in ratios and paediatric first aid. OFSTED inspections suspended.</p> <p>COVID support schemes:</p> <p>Early education entitlement (EEE): settings paid in full for EEE hours they had expected to deliver, regardless of take-up or whether setting was open. LAs allowed to use this funding differently in exceptional circumstances to secure places for critical workers and vulnerable children.</p> <p>Coronavirus job retention scheme: covered 80% of staff costs (up to £2,500 a month) in proportion to the share of income lost during lockdown. The scheme could not be used for staff costs covered by EEE.</p>	<p>Job retention and self-employment income support schemes outlined in previous column.</p> <p>Universal credit: allowance increased by £20 a week; 'minimum income floor' removed; increased allowance</p>

	Some easing of restrictions in May.	Self-employment income support scheme: a taxable grant paying 80% for first 3 months and then 70% of average profits in previous two years, up to £2,500 per month, mainly relevant to childminders. Business rates holiday: private and voluntary settings not charged business rates for 2020–21. Other financial support: range of grants and loans and deferrals of VAT owed.	for private renters who need help with housing costs. Parents who cannot go to work for COVID related childcare reasons (e.g., ECEC setting or school closure) should be allowed to work from home if the work can be done from home.
June-Aug 2020	Progressive easing of restrictions throughout the summer.	From 1st June ECEC settings allowed and encouraged to open to all children (and phased re-opening of schools). Settings asked to reduce social contact as much as possible by introducing staff and children bubbles and capping numbers if necessary. Settings had to restrict entry to settings, enhanced cleaning, removed some equipment, and asked to support public health messaging around COVID safety.	Suspended work search and work-related requirements for Universal Credit work search expected but no longer mandatory. Those self-isolating may be able to claim statutory sick pay.
Sept-Dec 2020	In Sept. and Oct increase in national restrictions and stricter local restrictions in parts of the country. 4 Nov-2 Dec second national lockdown.	ECEC settings can continue to provide places to all children even in areas with stricter restrictions and during lockdown. Settings allowed to use the specific disapplications and modifications if any local or national COVID restrictions impact on ability to deliver the early years curriculum OFSTED inspections suspended.	From November households with a child under 14 can form a childcare bubble that allows friends and family from one other household to provide informal childcare.

	Rest of Dec stricter restrictions in some parts of the country	Early education entitlement (EEE): from September LAs no longer allowed to give EEE funding to settings that were closed, unless this was due to public health reasons.	From November workers can be furloughed FT or PT (or apply for special paid leave in the public sector) if they have caring responsibilities resulting from COVID (e.g., if school and childcare facilities are closed).
Jan-Mar 2021	On 4 th of January third national lockdown.	<p>ECEC settings can continue to provide places to all children (while only vulnerable children and children of key workers can go to school).</p> <p>Home testing kits for staff provided only to school-based settings in Jan but extended to other settings from 22 Mar after lobbying from the sector.</p> <p>OFSTED inspections suspended</p> <p>EYFSP assessment not mandatory in 2021, settings to use their best endeavours to complete it</p> <p>Early education entitlement (EEE): funding based on children registered on census week (in mid Jan). DfE also funded additional places over and above those reported on census week, at least up to 85% of January 2020 attendance levels.</p> <p>Education and recovery plan announced in Feb, with £18m (out of a total of £700m) allocated to ECEC settings.</p>	<p>Self-isolation payments of £500 introduced.</p>
May-Oct 2021	Progressive easing of restrictions	<p>From June business rates relief reduced to a two thirds discount.</p> <p>In Sept end of job-retention and self-employment income support schemes.</p>	<p>In Sept end of job-retention and self-employment income support schemes.</p> <p>In Oct end of Universal credit allowance £20 uplift</p>

Appendix C: ECEC systems map

The priority relationships initially identified were:

Drivers of need and take-up

- Direct influences on parental need: Parents' views about child development and needs, Informal family & friend carers, Employers' shaping of jobs and family policies, DWP welfare conditionality policies.
- Funding affecting affordability: LA ECEC funding, Employers' financial support, Government childcare benefit and tax relief.
- Information and encouragement of take-up: LA children and family centres, social care, SEN-D teams, Providers and parent companies, and Ofsted.

Drivers of provision

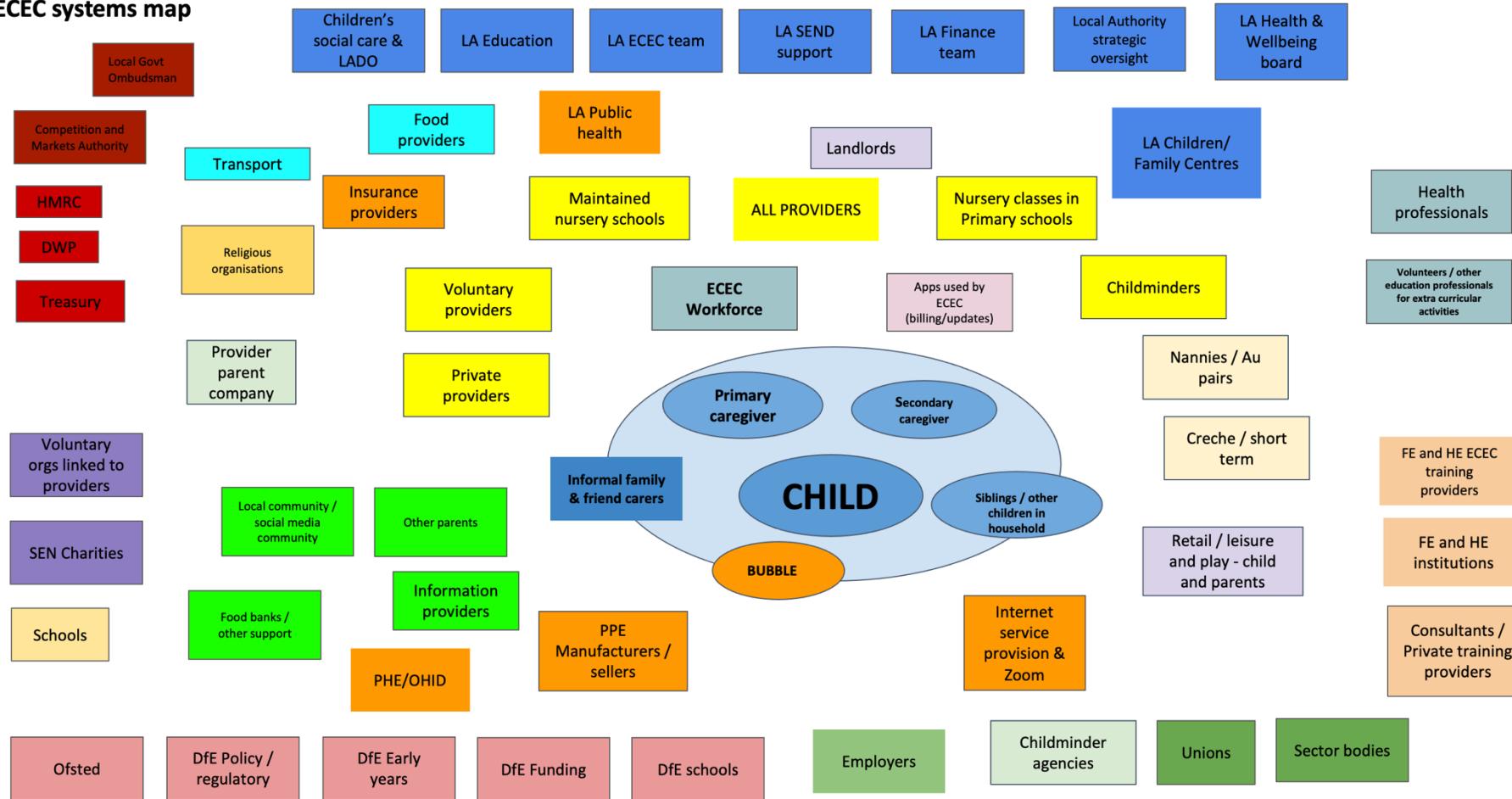
- Direct funding or financial support to providers: LA ECEC funding and SEN-D funding, LA social care premium plus, DfE early years funding to LAs, Provider parent company.
- Policy and regulation surrounding provision: LA ECEC teams, LA policy, DfE early years, Local Government Ombudsman, Ofsted and Provider parent companies.
- Market facilitation: LA ECEC teams sufficiency assessments and brokering, business support and strategic oversight, DfE early years, sector bodies.
- Workforce development and training: LA ECEC team, strategic oversight, DfE early years policy, training providers.
- Infrastructure components: providers of premises, food, transport, support from Parent companies.
- Influencers of provision and policy: LAs, unions, sector bodies.

Drivers of quality and experiences of ECEC

- Influencing flexibilities: Employers, primary schools (in relation to nursery classes).
- Influencing relationships and interactions: ECEC workforce, Ofsted, childminder agencies, training providers.
- Policy and regulation: LA ECEC teams, Health and Wellbeing Board, social care, public health, CMA, DfE early years policy, Ofsted, training providers.
- Funding: DfE early years funding allocations.
- Other inputs: health professionals, specialist professionals and volunteers.

- Influencers of quality and experiences: unions, sector bodies, LAs.

ECEC systems map



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